With the Compliments of the Secretary,
Bombay Chamber of Commerce.

# Report

OF THE

# Bombay Chamber of Commerce

## FOR THE YEAR 1942

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(*Established 22nd September* 1836)

(*Incorporated 18th June* 1924)

BOMBAY
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1943.

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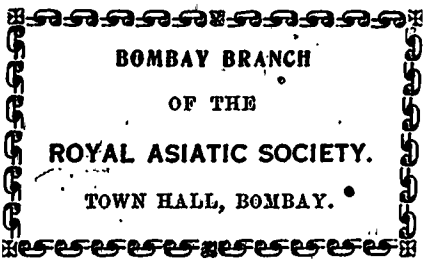


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# REPORT

OF THE

# COMMITTEE,

OF THE

# Bombay Chamber of Commerce

133621

FOR THE YEAR 1942

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**Presented to the Annual General Meeting held on 31st March 1943.**

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| *Fellow of the Bombay University* | J. M. B. GIBBONS, ESQ. |
| *Sydenham College of Commerce Advisory Board* | SIR ALEXANDER GRAY. |
| *Bombay Smoke Nuisances Commission* | H. F. MILNE, ESQ. |
| *Persian Gulf Lights Committee* | C. F. MORRIS, ESQ. |
| *Governor's Hospital Fund* | A. S. TROLLIP, ESQ., C.I.E. |
| *Indian Central Cotton Committee* | L. F. H. GOODWIN, ESQ. |
| *Empire Cotton Growing Corporation* | S. B. SAMOILYS, ESQ. |
| *Back Bay Reclamation Standing Advisory Committee* | L. A. HALSALL, ESQ. |
| *Traffic Committee* | J. S. R. SPELMAN, ESQ. |
| *Trade Marks Advisory Committee* | A. SOTIRIADI, ESQ. |
| *Auxiliary Force Advisory Committee* | L. A. HALSALL, ESQ. |

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| *Indian Sailors' Home* .. .. | C. E. LEMAN, ESQ. |
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| T. Cardwell .. .. | 1844–45 | Henry Scott .. | |
| J. Smith .. .. | 1845–46 | Andrew Grant | |
| W. Graham .. .. | 1846–47 | George Hamilton | 1860–61 |
| John Parsons .. .. | 1847–48 | George Lord .. | |
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| Robert Strong .. .. | 1849–50 | Michael H. Scott | |
| W. S. Grey .. .. | 1850–51 | Robert Hannay | 1862–63 |
| John Parsons .. .. | 1851–52 | Alexander Brown | |

*Chairmen*—contd.

| | | | |
|---|---|---|---|
| Andrew Grant | 1863–64 | A. F. Beaufort | *1890 |
| A. C. Gumpert, Alexander Stewart | 1864–65 | L. R. W. Forrest | *1890, 1891, *1892 |
| A. J. Hunter | 1865–66 | J. L. Symons | *1892 |
| W. Christian, A. J. Hunter, Alexander Brown | 1866–67 | R. S. Campbell | *1893 |
| J. Foggo | 1867–68 | W. R. Macdonell | *1893, 1894, 1895 |
| Hamilton Maxwell | 1868–69 | A. F. Beaufort | 1896 |
| H. E. Astley, D. Graham | 1869–70 | A. Abercrombie | 1897 |
| A. D. Grant | 1870–71 | R. H. Macaulays | 1898 |
| W. G. Hall | 1871–72 | A. Abercrombie | 1899 |
| J. K. Bythell | 1872–73 | William Greaves | 1900, 1901, *1902 |
| H. E. Bright, E. Lord | 1873–74 | J. M. Dick | *1902, 1903 |
| D. Watson | 1874–75 | C. H. Armstrong | 1904, 1905 |
| J. A. Forbes | 1875–76 | H. E. E. Procter | 1906 |
| G. F. Henry, Donald Graham | 1876–77 | C. H. Armstrong | 1907 |
| Walter Lang | 1877–78 | Sir Henry Procter | 1908 |
| M. Mowat | 1878–79 | C. H. Armstrong | 1909 |
| C. Macdonald | 1879–80 | R. G. Monteath | 1910 |
| J. N. Graham | 1880–81 | Sir Chas. Armstrong | 1911, 1912, 1913 |
| E. Comber, W. M. Macaulay | 1881–82 | Marshall F. Reid, C.I.E. | 1914 |
| James Thorburn | 1882–83 | T. W. Birkett | 1915 |
| Sir F. Forbes Adam, C.I.E. | 1883–84, 1884-85, 1886, 1887, 1888, 1889 | J. S. Wardlaw Milne | 1916 |
| | | Malcolm N. Hogg | 1917, 1918 |
| | | Nigel F. Paton | 1919 |
| | | A. H. Froom | 1920 |
| | | H. P. W. Macnaghten | 1921 |
| | | Sir Frank Nelson | 1922, 1923 |

*Presidents.*

| | | | |
|---|---|---|---|
| L. S. Hudson | 1924 | W. G. Lely | 1933 |
| V. A. Grantham | 1925 | G. L. Winterbotham | 1934 |
| Sir Joseph Kay | 1926 | Sir John Abercrombie, M.C. | 1935 |
| Sir Leslie Hudson | 1927 | L. A. Halsall | 1936 |
| Sir Hugh Cocke | 1928 | G. H. Cooke | 1937 |
| G. L. Winterbotham | 1929 | A. McIntosh | 1938 |
| J. R. Abercrombie, M.C. | 1930 | A. K. G. Hogg | 1939 |
| E. Miller | 1931 | C. P. Bramble | 1940 |
| R. R. Haddow | *1932 | J. M. B. Gibbons | 1941, 1942 |
| Sir Hugh Cocke | *1932 | L. A. Halsall | 1943 |

*Secretaries.*

| | | | |
|---|---|---|---|
| R. X. Murphy | 1836–38 | David Watson (Acting) | 1881–82 |
| J. E. Brenan | 1838 | John Marshall | 1884–98 |
| R. X. Murphy | 1838–41 | Frederick Noel Paton | 1898–1905 |
| T. J. A. Scott | 1841–46 | J. B. Leslie-Rogers | 1905–1911 |
| John Connon | 1846–57 | R. E. Gregor-Pearse | 1912–1920 |
| John Mawson | 1857–59 | C. B. Sayer | 1921–1925 |
| J. A. Crowe (Acting) | 1858–59 | R. J. F. Sulivan | 1925–1937 |
| H. Brooke | 1859–64 | C. H. Courthope-Munroe —Appointed 1937. | |
| James Taylor | 1864–73 | | |
| John Gordon | 1873–84 | | |

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| 250 | 0 | 0 | 25 | 0 | 0 | 3 | 2 | 0 | 12 | 0 | 0 | 1 | 0 | 0 | Mail. |
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| 80 | 0 | 0 | .. | | | 7 | 8 | 0 | 0 | 9 | 0 | 0 | 0 | 9 | |
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# Bombay Chamber of Commerce

## ANNUAL GENERAL MEETING

THE Annual General Meeting of the Members of the Bombay Chamber of Commerce was held in the rooms of the Chamber, Mackinnon Mackenzie and Company's Building, Ballard Estate, on Wednesday, 31st March 1943, at 11-30 a.m. to transact the following business. —

1. To adopt the Report of the Committee of the Chamber for the year 1942.
2. To elect six ordinary members of the Committee of the Chamber for the year 1943-44 in accordance with the provisions of Article 41.
3. To appoint Auditors of the Chamber's Accounts for the year 1943, and to fix their remuneration.

Any other business that may be brought forward.

Mr. J. M. B. Gibbons, President of the Chamber, presided and was supported by Mr. L. A. Halsall (Vice-President), Messrs. R. W. Bullock, Vithaldas Kanji, W. Kerr, A. W. Percy, W. L. A. Radcliffe, G. S. Taunton, and B. J. Whitby, Members of the Committee.

Among those present were :—

His Excellency The Right Honourable Sir John Colville, G.C.I.E., T.D., Governor of Bombay ; Mr. H. F. Knight, C.S.I., C.I.E., I.C.S., Mr. C. H. Bristow, C.I.E., I.C.S., Mr. G. F. S. Collins, C.S.I., C.I.E., O.B.E., I.C.S., and Mr. I. H. Taunton, C.I.E., I.C.S., Advisers to H. E. the Governor ; Brigadier C. E. R. G. Alban, D.S.O., A.D.C., Commander, Bombay Area ; Mr. H. E. Butler, O.B.E., Commissioner of Police; Mr. W. D. M. Clarke, H. M. Trade Commissioner ; Monsieur Marcel Goose, Consul General for Belgium ; Col. A. J. Ransford, C.I.E., Mint Master ; Lt.-Col. J. R. Sadler, C.B.E., R.E., Deputy Chairman, Bombay Port Trust ; Mr. M. R. Sachdev, O.B.E., I.C.S., Controller of Supplies ; Mr. C. B. Cockaine, Secretary, the European Association (Bombay Branch); Mr. D. N. Mahta, Secretary, Indian Central Cotton Committee ; Mr. Ismail, President, Memon Chamber of Commerce ; Mr. J. S. Rutnagar, Editor, *Indian Textile Journal ;* Mr. W. R. O'Brien, Master, Bombay Presidency Trades Association ; Mr. M. H. Ismail, Export Trade Controller ; Mr. P. C. Chaudhari, I.C.S., Deputy Chief Controller of Imports ; Mr. M. L. Tannan, I.E.S., Special Officer, War Risks (Goods) Insurance ; Lt.-Col. N. Standish, Chief Censor, Bombay ; Mr. C. E. Leman, Deputy Representative at Bombay, Ministry of War Transport ; and

Mr. J. Schim van der Loeff, General Secretary, Netherlands Indies Trade Commission for India and Ceylon.

The following members of the Chamber attended the meeting :—

| | |
|---|---|
| Mr. G. A. H. Alexander | Alexander & Co. |
| ,, W. S. Pool | American Express Co., Inc. |
| ,, C. F. Freeman | Andrew Yule & Co., Ltd. |
| ,, G. A. D. Porter | Anglo-Thai Corporation, Ltd. |
| ,, W. J. Ballantyne | Asbestos Cement Ltd. |
| ,, L. N. Bower | Asbestos Cement Ltd. |
| ,, Jal P. Eranee | Bell Russ & Co., Ltd. |
| ,, K. P. Eranee | Bell Russ & Co., Ltd. |
| ,, Fredoon B. Murzban | Bell Russ & Co., Ltd. |
| ,, W. H. Jackson | Blackie & Son (India), Ltd. |
| ,, L. F. H. Goodwin | Bombay Co., Ltd. |
| ,, A. S. Trollip, C.I.E. | Bombay Electric Supply and Tramways Co., Ltd. |
| ,, A. L. Guilford | Bombay Electric Supply and Tramways Co., Ltd. |
| ,, W. T. Lane | Bombay Gas Co., Ltd. |
| The Hon. Mr. R. H. Parker | Bombay Telephone Co., Ltd. |
| Mr. D. Moir | W. H. Brady & Co., Ltd. |
| ,, W. Jenkins | W. H. Brady & Co., Ltd. |
| ,, G. H. Richmond | Burmah-Shell Oil Storage and Distributing Co. of India, Ltd. |
| ,, D. W. Mullock | Burmah-Shell Oil Storage and Distributing Co. of India, Ltd. |
| ,, W. J. Burrows | W. J. Burrows. |
| ,, J. S. Marshall | Caltex (India) Ltd. |
| ,, H. Godfrey | Central Agency Ltd. |
| ,, T. Jones | Central Agency Ltd. |
| ,, H. T. Muni | Chaturbhuj Bhaichandbhai & Co. |
| ,, C. J. Schmuki | Ciba (India), Ltd. |
| ,, E. L. Guetta | Corn Products Co. (India), Ltd. |
| ,, C. W. Warrington | Cox & Kings (Agents), Ltd. |
| ,, W. J. Wells | Cutler Palmer & Co. |
| ,, C. P. Bramble | Drennan & Co. |
| ,, W. J. Orange | English Electric Co., Ltd. |
| ,, M. A. Fazalbhoy | Fazalbhoy Ltd. |
| ,, Y. A. Fazalbhoy | Fazalbhoy Ltd. |
| ,, J. S. Tait | A. F. Ferguson & Co. |
| ,, C. F. Morris | James Finlay & Co., Ltd. |
| ,, F. J. Brine | Fleming Shaw & Co., Ltd. |
| ,, J. C. Lancashire | Forbes Forbes Campbell & Co., Ltd. |
| ,, B. O. Stevenson | Ford Motor Co. of India, Ltd. |
| ,, G. E. Corey | Ford Motor Co. of India, Ltd. |
| ,, A. J. Emery | The General Electric Co. (India), Ltd. |
| ,, C. E. Penn | The General Electric Co. (India), Ltd. |
| ,, J. L. Dickie | Gillanders Arbuthnot & Co. |
| Sir Thomas Sinclair Kennedy | Glenfield & Kennedy Ltd. |

| | |
|---|---|
| Mr. R. A. F. Kidson .. | Grahams Trading Co. (India), Ltd. |
| ,, W. M. Hodge .. .. | |
| ,, A. McIntosh .. .. | Greaves Cotton & Co., Ltd. |
| ,, F. Moore.. .. .. | W. T. Henley's Telegraph Works Co., Ltd. |
| ,, C. S. Pettit .. .. | Hindustan Vanaspati Mfg. Co., Ltd. |
| ,, W. A. Bell .. .. | Imperial Chemical Industries (India,) Ltd. |
| ,, C. D. Priestley .. .. | |
| ,, M. H. Powell .. .. | Imperial Tobacco Co. of India, Ltd. |
| ,, C. R. Palmer .. .. | International General Electric Co. |
| ,, J. W. Jessop .. .. | William Jacks & Co., Ltd. (India), Ltd. |
| ,, E. J. C. Herring .. | Josts Engineering Co., Ltd. |
| ,, E. W. Fairbrass .. | Kemp & Co., Ltd. |
| ,, R. C. Lowndes .. .. | Killick Nixon & Co. |
| ,, D. R. C. Hartley, C.B.E., D.S.O., V.D. .. .. | |
| ,, V. F. Noel Paton .. | |
| ,, H. F. Milne .. .. | |
| ,, C. Robertson .. .. | |
| ,, J. J. Lawlor .. .. | Kinematograph Renters Society of India, Burma and Ceylon Ltd. |
| ,, W. G. J. Shaw .. .. | Lever Bros. (India), Ltd. |
| ,, S. E. C. White .. .. | Lloyds Agency, Bombay. |
| ,, A. W. Barker .. .. | Longmans Green & Co., Ltd. |
| ,, E. J. Spuhler .. .. | Nestle & Anglo-Swiss Condensed Milk Export Co., Ltd. |
| ,, H. W. Fieth .. .. | Parke, Davis & Co. |
| ,, Maneklal Premchand .. | Premchand Roychand & Sons, Ltd. |
| ,, A. T. Robinson .. | Purdie & Co. |
| ,, C. J. Damala .. .. | Ralli Bros. Ltd. |
| ,, F. S. Woodcock.. .. | Richardson and Cruddas. |
| ,, E. W. A. Richardson .. | |
| ,, A. Pether .. .. | David Sassoon & Co., Ltd. |
| ,, B. R. Tannan .. .. | Sharp & Tannan. |
| ,, C. A. Cunliffe .. .. | Shaw Wallace & Co. |
| ,, C. U. Magnusson .. | The SKF Ball Bearing Co., Ltd. |
| ,, L. Armstrong Smith .. | Armstrong Smith Ltd. |
| ,, R. G. Mahomed.. .. | |
| ,, C. A. Osborn .. .. | Standard-Vacuum Oil Co. |
| ,, H. W. Russell .. .. | |
| ,, C. B. Marshall .. .. | |
| ,, R. R. Bury .. .. | J. Stone & Co. (India), Ltd. |
| ,, L. A. Stronach .. .. | L. A. Stronach & Co. (India), Ltd. |
| ,, J. L. Duke .. .. | |

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|---|---|
| Mr. C. J. Bollins .. .. | Turner Hoare & Co., Ltd. |
| ,, C. O. Fountain .. .. | Turner Morrison & Co., Ltd. |
| ,, D. E. Budgett-Meakin . | United Traders Ltd. |
| ,, R. Scherer .. .. | Volkart Brothers |
| ,, J. L. Hurschler .. .. | |
| ,, S. O. Sundgren .. .. | Western India Match Co., Ltd. |
| ,, W. M. Martin .. .. | Wolverhampton Works Co., Ltd. |
| Sir Alexander Gray .. .. | The Bank of India Ltd. |
| Mr. A. H. Guillou .. .. | Comptoir National D'Escompte de Paris. |
| ,, M. E. Columbine .. | Chartered Bank of India, Australia and China. |
| Sir William Lamond .. | Imperial Bank of India. |
| Mr. A. R. Chisholm .. | |
| ,, A. N. Nicholson .. | Mercantile Bank of India, Ltd. |
| ,, L. Randall .. .. | Atlas Assurance Co., Ltd. |
| ,, F. A. C. Gibson .. | Commercial Union Assurance Co., Ltd. |
| ,, H. Pollett .. .. | London and Lancashire Insurance Co., Ltd. |
| ,, C. R. C. Gardiner .. | New Zealand Insurance Co., Ltd. |
| ,, V. C. Wright .. .. | Royal Insurance Co., Ltd. |
| ,, H. Chamberlain .. .. | Sun Life Assurance Co. of Canada, Ltd. |
| ,, G. C. Laughton .. .. | B. B. & C. I. Railway. |

Mr. C. H. C. Munroe, Secretary, and Mr. H. Royal, M.B.E., Assistant Secretary of the Chamber.

The notice convening the meeting having been read, MR. J. M. B. GIBBONS, in opening the proceedings, said :—

Your Excellency and Gentlemen,—It is a source of great pleasure to us all that we are honoured by the presence here to-day of His Excellency Sir John Colville and that we are able to offer him from the large and wide embracing section of the commercial community of Bombay represented by the Bombay Chamber of Commerce our greetings on his arrival here and our sincere wishes for his success in the high office he has undertaken. As business men ourselves we are particularly glad to welcome His Excellency to this post, for, as you know, he is himself a business man of long standing. He will readily understand, therefore, how we, with our natural bent for business and with an eye to the many and varied problems for the solution of which we are likely to need his help, how greatly we appreciate this opportunity of making his acquaintance so early in his career and getting in on the ground floor, so to speak.

And I think it is appropriate if here I pay a tribute to his predecessor, Sir Roger Lumley, who has so recently left us. I

need hardly stress the difficulties that beset him throughout his term of office, unrest and upheavals within the land and a cataclysm without. In all the variety of the problems that he had to face, the restraint coupled with the firmness of his administration won the respect and admiration of all. We wish him safe return to England and success in whatever walk of life he chooses to adopt.

For His Excellency too I am afraid we cannot hope for an easy passage. When the war is won, there still remains the stupendous work of winning the peace, and apart from these international problems, India has many large problems of her own to solve. Still I know I am speaking with the voice of all of you when I assure His Excellency that, whatever the difficulties of the task that lies before him, he can count on the fullest co-operation and support from the members of the Bombay Chamber of Commerce.

Well gentlemen, I need hardly refer to the remarkable change in outlook everywhere, since we met a year ago, at a time when the Japanese menace was at its height. There is a very different atmosphere in India to-day. Trade everywhere is prospering. Prices for produce of all kinds are high, and manufacturers are making large profits. Taxation is heavier, it is true, but there are not many instances where profit increases are not a very great deal larger than taxation increases, and the net retained profits do not show a considerable advance. This internal prosperity finds its counterpart in the financial situation of the country as a whole, and India from being a debtor is well on the way to becoming a creditor country. That all this should happen at a time when India is at war, when there is a rapacious and determined enemy established on her borders, and when vast expenditure is being incurred on her defence is a most striking anomaly. The truth of course is that only a fraction of India's defence expenditure is borne by herself, and by far the greater part of the bill is being footed by the United Kingdom and the United States. What the total amounts to has nowhere been disclosed, but the figure recently given out of Rs. 200 crores for Lease-Lend is impressive enough, and when one reckons that the cost of all operations outside India itself is borne by Britain, and this includes the expense of raising, training and equipping all Indian troops employed on them: that three-quarters of the cost of modernising the Indian Army under the Chatfield Report was paid for by Britain, which is also providing free the masses of equipment of all kinds that have poured into the country: that Britain pays too not only for most of the war material produced in this country but also for the construction of all the factories set up on the recommendation of the Roger Mission. What this all adds up to is anybody's guess, but I think perhaps that the most striking example of India's dependence on outside aid for

her defence is revealed in the figures of Naval expenditure given by the Finance Member in his recent Budget speech. In the year just ending and in the coming year combined India will have spent altogether 8 crores on new naval construction. Eight crores, six million sterling in two years. It would scarcely pay for even one single good sized aircraft carrier. And India is a country with a long and vulnerable coastline, and in Japan she has a dangerously aggressive enemy of very great naval strength within easy striking distance. So in considering India's present prosperity and the large profits that are everywhere being won, I think that our satisfaction might very well be tempered by the reflection that a very great measure of this prosperity and of these profits is in effect a free gift to India from the peoples of Britain and America.

There are further aspects of this prosperity too that merit consideration. Higher agricultural prices mean more money for the farmer, while the labourer in the towns too is receiving more money in the shape of dearness allowances, bonuses and in most cases wage increases as well. Normally one would welcome this, because if there is anything India needs, it is an improvement in the deplorably low living standards of the poor. It is doubly unfortunate, therefore, that this extra spending money should be distributed at a time when imperative war needs are absorbing so much of the country's production, when imports have fallen away to nothing and the supply of consumer goods so urgently required for improving the standards of the labouring classes is of necessity much curtailed. Where then does this extra spending money find its way? Most of it, I fear, into the pockets of the swarm of profiteers and hoarders that infests India to-day. What is wanted now more than anything is to divert these wage increases and bonuses away from profiteers into some form of savings so that the labourer may have the full benefit of them later on when the supply of goods is plentiful and his needs can be met at a reasonable price. Unfortunately in a country like India it is impossible to introduce anything like a widespread application of this principle by means of effective measures of regulation such as exist in Britain to-day, but it should not be too difficult to put a brake on the race that is now going on in Bombay between prices and dearness allowances and put some sort of curb on the profiteer. You can easily realise the extent to which matters have got out of hand if you reckon that on the basis of the Government's grain rationing scheme now being introduced, a millhand can buy the whole of the grain supply, that is to say the staple food, of four or five adults besides himself out of his dearness allowance alone, and on top of this he has his wages and at times large bonuses as well. Small wonder then that the profiteer is reaping a golden harvest and that prices continue to soar. As I have said, there is no stronger advocate than myself of improved

conditions and higher standards of living for the labouring classes in this country, but what I do feel is that much of the advantage that has been gained during the last few years is being frittered away and the benefit of higher wages is largely illusory. In the interests of the labourer himself a swift breakaway is needed from the easy course of allowing wages and prices to follow each other upwards, and strong measures to check profiteering. Such few attempts as we have seen so far have been lamentably weak, and to profiteers weakness spells encouragement.

Added to the ranks of our home-grown profiteers we seem recently to have acquired an imported article as well. Since India threw open her hospitable shores to the many unfortunates who were driven by the invader from their homes, there has sprung up especially in Bombay a whole tribe of traders whose activities have been most unwelcome. Past-masters in the art of evading regulations and side-tracking controls, in these days when so much is governed by regulations and controls, they have the honest business man at a disadvantage. Most of the illicit export of prohibited and controlled articles that is known to have been carried on is the work of these men, and one can only marvel at the manner in which they have secured for themselves as well the lion's share of the permitted traffic to many of the Middle East countries. They are unlikely to have any permanent place in India's economy, and it is very hard on the regular trader and exporter that at a time when private export business has shrunk so greatly, these intruders should be allowed to commandeer most of it. Quite clearly the whole system of licences and permits has been at fault and a radical revision of it is needed, and I am glad to say that in some respects at least this is being taken in hand.

I spoke, Sir, earlier on the present prosperity in India, but I should not like you to draw from my remarks the conclusion that we in India had been untouched by the war and had merely settled down to the business of making money out of it. That is very far from being the case with any of us, but in particular I would like to take up the cudgels in defence of the British merchant in the East, who became the subject of much ill-informed criticism in the Press at Home after the initial disasters of the Japanese war.

As with all criticism based on ignorance these attacks were most unfair. What greater effort or what more active contribution to the war the British merchant out here could have made it is very difficult to see. In India the European community themselves demanded the conscription that was applied to them right at the beginning of the war. Since then more than half our numbers have been conscripted into one branch of the Services or another, and of those left behind in business by far the greater

number are engaged in jobs closely connected with the war effort. Most of us too that are able are serving in the local military or civil defence services, in spite of the longer hours and heavier responsibilities that the reduction in our numbers entails, and that in addition to the ordinary spheres of voluntary public service in which the European community plays a part out of all proportion to its size. Altogether the record in this war of the British commercial community in this country challenges comparison with any. It has not been an easy time at all for us out here, and whatever the dangers and discomforts in England there are few of us who at any time right from the start would not have gladly changed places with any of our friends there.

As for the future of our community, it has been said many times and I say it again. Under India's independent constitution whose setting up cannot be very far off now, we want no special treatment and no privileges, save those that ability, enterprise and fair dealing always command, qualities that have won us the position in this country that our community holds to-day. So long as these qualities continue to have a value in India, so long, I am confident, the British community will have a place in its polity. What we certainly do not wish to see is a continuance of the internal discord and unrest that have characterised the period since the last war. With the added strain of the war and all its vicissitudes thrown in, these last few years in particular have been far from comfortable for us and many of us have been by no means appalled at the suggestion that seems fairly current now that India's sterling balances might be employed for the purpose of buying out British-owned investments in India.

As for the work of the Chamber during the past year, I need not dilate upon it. As you all know only too well, Commerce nowadays, or most of it, is a fly caught up in a spider's web of red tape. If we your representatives have at times succeeded in cutting a strand or two for you, then your thanks, and mine, are very greatly due to your Vice-President, Mr. Halsall, and the members of the Committee who have worked so ably and energetically in your interests. We must thank also all the members of the Sub-Committees who have contributed their time and expert knowledge for your service, and I would pay tribute too to the work of the Secretary, Mr. Courthope Munroe, the Assistant Secretary Mr. Royal and to the permanent staff who have been unsparing in their efforts and who have contributed so largely to the successful year's working of which the accounts are evidence.

For the coming year you are fortunate in having secured the services of Mr. L. A. Halsall as your President. He has held this office on a previous occasion and is wise in all the affairs of this Chamber. Mr. A. L. Hutson too, your Vice-President, has had long experience of the Committee and Sub-Committees, and you

can with confidence leave your affairs in the capable hands of these two gentlemen, and of the six gentlemen whose names have been proposed to you for election to the Committee to-day.

I have now much pleasure in proposing that the Report of the Chamber for the year ended 31st December 1942, be hereby adopted and confirmed.

VICE-PRESIDENT'S SPEECH.

Your Excellency and Gentlemen,—Before formally seconding the resolution which the President has proposed, may I refer very briefly to recent developments in one or two matters of general interest mentioned in the Annual Report. One is with reference to Trade Marks. Since the close of the year, Government have agreed, in response to representations from the Chamber and other interested bodies, to there being only one Trade Marks Registry and that it shall be in Bombay. This is what the Chamber recommended in 1938 when commenting on Mr. R. K. Nehru's preliminary report, as it was considered reasonably certain that when the Act came into force by far the largest number of applications for registration would come from trade mark owners on this side of India. Our views then did not prevail but subsequent events have justified them. Up to about three months ago the number of applications lodged in respect of all marks was a little over 70,000, of which no less than 90 per cent. are applications lodged in Bombay in connection with textile marks. Government's decision to introduce the legislation necessary to transfer the Registry to Bombay is to be welcomed and I feel sure the change will simplify the administration of the Act and avoid much of the delay and confusion attendant on applications being lodged at two places.

Members will have seen in recent issues of the monthly excerpts an account of the discussions which have been going on with regard to a proposal to close all goods booking by rail between Bombay and Kathiawar so as to force traffic to the sea route for carriage by country craft. We all realise the present pressure of traffic on the railways and while the Chamber has not opposed the scheme in principle objections have been raised on certain points of detail, one important one being in relation to marine insurance cover. Even if all such matters are satisfactorily arranged the fact remains that no one should be compelled to despatch goods by country craft after the end of April, and therefore in their last letter to the Board of Transport the Committee urged that rail booking should not be closed during this present fair season. I learnt a few days ago that that has been agreed to, so there will be a few months more to spare for consideration of the several points to which objections have been raised.

I would like to call attention to an item in the last budget of the Central Government which closely affects the railways, and that is their contribution to general revenues in the fiscal year ending to-day and the estimated amount of that contribution in the coming year.

It is reasonable in these abnormal times to abandon that portion of the Separation Convention which govern the contribution of the railways to general revenues, and to fix *ad hoc* the distribution of each year's surplus. Without full knowledge of all the facts and figures one cannot criticise the allocation between general revenues and the railways in the proportion of 3 to 1, as announced by the Hon'ble Sir Edward Benthall when presenting the Railway Budget in February. But what I think is open to criticism is the fixing of that proportion in advance for 1943-44 on the basis of an estimated surplus. I should have thought that could well be left for settlement later in the year. However, it has been done and it has resulted in the Finance Member being able to take into account in his estimates for 1943-44 a contribution to general revenues of Rs. 27 crores, which is Rs. 7 crores more than the total he has estimated as the yield from new taxation. In so far as the present railway goods rates and passenger fares which will result in the Rs. 27 crores surplus can be considered as a measure of indirect taxation, I see no cause for criticism. There is still plenty of free money, and some think too much, available in the country, as is evidenced by the present inflated price levels. The danger lies ahead if too much is taken from the railways surplus to the benefit of general revenues. The railways now are working to capacity. Locomotives and rolling stock are out of the repair shops for longer periods at a stretch than would ordinarily be deemed economic. It follows that when normal times return there will be vast sums required for repairs and renewals. Moreover, there will immediately be a general demand for reinstatement of the concessional rates and fares previously in force, which the railways will have to try to meet, while at the same time it seems certain that they will be faced with higher wages bills than were the average before the war. Many people think the Finance Member's estimate of the yield from income and excess profits taxes will be greatly exceeded in the coming year. If that should be the case I hope the 3 to 1 division of the railways surplus will be treated as provisional only and that a sum fully adequate will be set aside for rehabilitation of what is one of India's most valuable assets.

It has been suggested to me that I should refer to the vexed question of frustrated cargoes, and as a number of firms and Banks are interested in this perhaps it would not be out of place if I were to do so.

As I think is known, the disposal of these cargoes is not being controlled by the Chambers of Commerce but by Committees appointed by His Majesty's Government, and acting jointly with representatives of the Royal Dutch Government at Bombay, Calcutta, Karachi, Madras and Cochin. So far as Bombay is concerned, the Chamber's report which we are now asking you to adopt tells of the formation last August of the British Section of the Anglo-Dutch Committee, consisting of Mr. Hutson, Mr. Nicoll and myself.

What I have to say relates primarily to the British sections of the Committees. The Netherlands Indies Commission were working on this business some time before the British members were appointed and their initial arrangements were a little different.

It is unnecessary now to discuss why the action taken last November to requisition and acquire all cargoes was not taken months earlier, as it should have been. Considerable quantities were delivered between February and November last year and in most cases have brought handsome profits to the purchasers in this country. One thing to keep in mind in that connection is that the arrival of these cargoes at ports in India was quite fortuitous—they were ordered for other parts of the world and did not come here at the risk and expense of merchants in India.

As you know, the Government of India have power to requisition and acquire any goods arriving at ports in India which they require for any purposes connected with the prosecution of the war. Certain portions of these frustrated cargoes are not required by the Government of India, and one of the reasons for the wholesale requisitioning of all uncleared balances last November was that His Majesty's Government were anxious that these goods should as far as possible be used for approved and essential purposes and directed to destinations where they are most urgently needed. Accordingly it was arranged with the Government of India that they should hand over to the Frustrated Cargo Committees all the goods they did not wish to retain. The fact of these goods having been requisitioned and acquired by Government under the Defence of India Rules means that valid title is passed on to the Committees in respect of all goods handed over to them and they are given complete control of the disposal of them, subject only to instructions from His Majesty's Government on whose behalf the Committees are acting. Details of all goods so handed over have been advised to the Frustrated Cargo Section of the Board of Trade, and the present position is that both the British and the Dutch Sections in India have been asked not to dispose of any British-owned cargoes without specific instructions from London. This resulted in a number of release or delivery orders, particularly in Cochin, being cancelled for a

second time last January. The Committees have already received instructions to deliver certain goods for special purposes and to sell others in India, but the quantity so far made available for sale in India represents only a small portion of the total.

I think it will be clear from what I have said that the Frustrated Cargo Committees are not concerned with the goods which the Government of India have found it necessary to retain. I must also make it clear that the Committees in India are not concerned with the award of compensation to the owners in respect of any goods they sell. What they have to do is to secure fair current market prices for the goods and remit the net sale proceeds to London, where the problem of determining the legal owners and settling the compensation payable will be handled by an official joint Committee.

Before concluding, I wish to thank you for having elected me as your President for the coming year. I appreciate this honour, and shall do my utmost to safeguard your interests.

I have much pleasure in seconding the proposal that the Report of the Committee of the Bombay Chamber of Commerce for the year 1942 be and is hereby adopted and confirmed.

The Report was adopted unanimously.

HIS EXCELLENCY THE GOVERNOR said :—

Mr. President and Gentlemen,—When, not very long after my appointment to succeed Sir Roger Lumley as Governor of Bombay, I received a message conveying to me the invitation of the Bombay Chamber of Commerce to attend its next annual general meeting, I gladly accepted it. I am grateful for this early opportunity, which I have been given, of meeting the representatives of an important section of Bombay's business life, and I thank you warmly, Mr. President, for the welcome which your Chamber has extended to me on behalf of the wide interests which it represents. Although I forsook business for politics a good many years ago, and my connection with it necessarily ceased when I accepted my first administrative appointment as Secretary to the Department of Overseas Trade in 1931, I had, up to that time, a close working connection with the Chamber of Commerce movement in Great Britain, so that I do not feel myself on entirely unfamiliar ground in speaking to you this morning.

I echo the tribute which you have paid to my predecessor, Sir Roger Lumley, Mr. President. He is a personal friend of mine, whom I knew well at home before he came out here as Governor, and I was very glad to meet him again after 5½ years when I arrived in Bombay. During these 5½ years in which he held office he won the respect of all parties and interests in the Province.

To have earned a reputation for a deep and sympathetic understanding of its people and problems ; for a remarkable aptitude, and wisdom in affairs of Government ; and for an equanimity in times of trial which nothing could disturb, is convincing testimony to the success which he achieved.

For my part, I am not so sanguine as to anticipate that the five years upon which I have just embarked are going to be roses all the way. You have said, Mr. President, that even the prosperity which business here is at present enjoying has its thorny side. I have not yet of course had time to observe the sinister aspects of this prosperity which you mention, but I am very interested to have had this expression of your views, and it will be useful to me to have ascertained this general sense of the Chamber's opinion on these important matters at the outset of my term of office. I cannot answer, of course, for the Government of India on matters which lie within their sphere of responsibility, as most of these do, but I need hardly assure you that I will study these problems, and that, in doing so, I will have careful regard to your opinion on them. Should you at any time require my help in these or any other matters which concern you, let me say that you have only to approach me, and I will always be ready to assist you, and, if necessary, use my good offices in putting you into touch with the proper quarters.

I have other reasons as well for not having any illusions about the difficulties which will face us during the five years which lie ahead. This war has still got to be won, and I have no doubt whatever that we are in for a very tough time indeed before we achieve the unconditional surrender of Germany, Italy and Japan, which is the declared resolve of the United Nations. Heavy fighting is going on in Tunisia, where the Germans will resist to the uttermost before they allow themselves to be turned out of their last stronghold in North Africa, but General Montgomery is making good progress in this job now. Europe is a German armed camp. We must expect the most bitter and sanguinary battles when the time comes for us to invade it. Experience of the Japanese in the fighting in the South-West Pacific has shown that they have to be turned out of their conquests practically man by man. These are some of the tasks to be performed before victory is won. From every one they demand the utmost support which he can give to the war effort, and an inflexible determination to see this business right through to the end, which is the unconditional surrender of the Axis.

Between now and then we have a great deal to think about. There are large matters of post-war reconstruction to be considered, many of which cannot be deferred till the end of the war, if the cease-fire, when it comes, is not to find the country

totally unprepared for it. We have to foresee the problems which will present themselves in the difficult period which will intervene between the actual cessation of hostilities and the re-emergence of normal peace-time conditions, and make what plans we can in advance to deal with them. I expect that I shall find a good deal of my attention occupied by one side or another of this work, for in the aggregate these problems amount to a formidable reconstruction task. I might perhaps mention here one obvious aspect of this task, because it is one in which, when Government comes to deal with it, the co-operation of commerce and industry, through such institutions as this Chamber, will be essential to success. Measures will have to be planned to anticipate the return of ex-service men to civilian life. Government has the duty of seeing that these men who have responded so well to the call which the country has made upon them are enabled to settle down again in positions where they can be assured of security and a decent living, after their discharge from the armed forces. Many will of course wish to go back to the land, whence they came, and Government will have to be ready for them in its rural reconstruction plans. But many, including highly skilled men, expert technicians, and all those who have learnt a trade in the services, will turn to the towns and cities for a livelihood on demobilisation. Government, in collaboration with business and industry, must be prepared to receive them. For all-ex-service men their time in the Army, Navy, or Air Force will have been an extensive education. When they are demobilised and return to civilian life, they must be adequately placed, and in a manner which will enable the country to benefit from the wider outlook, the education and training which they will have acquired. Other aspects of post-war reconstruction work will also readily occur to you. Reflecting on this task alone, I anticipate that, whatever else we may expect as well, my five years of office will be busy ones.

I am, therefore, most grateful to you, gentlemen, for the assurances which your President has given me, of your support and co-operation and for the encouragement which that assurance brings me. I value it all the more for the knowledge of the manner in which you have come to the support of the war effort, and answered the call which the armed forces have made upon you for officers for India's vast new army, for the Royal Indian Navy, and the Indian Air Force. It is not, I appreciate, a light task to run a business with the reduction in staff which has been necessary in many firms to release men for military service, and at the same time to carry on the work in different spheres of public usefulness which the war imposes on those who are left behind. Nor does it make your job any easier to have to deal with the restrictions which war-time control makes inevitable, and the occasional red-tape also, which is so hard to eliminate from it,

although, speaking of control, the position here is altogether different from that which exists in Great Britain. There business has accepted—and cheerfully accepted—a degree of control altogether unparalleled in my memory. Indeed the dominent impression which I carried away with me, when I set out for India, was of the unique solidarity of all classes and conditions of people in Great Britain in their determination to wipe out Hitler and his associates. People are absolutely united in their determination to achieve this end, and that is why business, trade and industry of all kinds, is ready to submit to an amount of Government interference and control, which, as I say, is quite unparalleled in my experience, so long as this contributes to the better waging of the war. Very broadly speaking, this control (although at times it has amounted to Government taking over charge of a business completely) has worked along three main lines. First, there is the complete control of all overseas trade and shipping ; secondly, there is the geographical concentration of industries ; and thirdly, the restriction on the manufacture of any article not considered absolutely essential. These three principles have operated to bring about an unprecedented degree of restriction. Add to them the Excess Profits Tax, and you have conditions in which, I can sum up broadly by saying, profit as a business incentive has all but disappeared and given way to patriotism and the will to win the war. This stage has been reached in Great Britain. Business in India has not experienced a similar degree of restriction and enjoys more favourable conditions, nevertheless, gentlemen, the contribution of business in Bombay to the war effort has not been a mean one, and I know that I can look forward to its continuance, and to your co-operation and support in the fullest measure.

I was privileged to see a very important part of the Bombay Presidency's contribution to the war effort very shortly before I left England, and what I saw, besides forming my first link with the Presidency, impressed me very profoundly indeed—that was one of the two Bombay Squadrons of the R.A.F. I visited this squadron at work at its station, and met the Squadron-Leader, a very distinguished fighter-pilot with over 20 German planes to his credit, and all the officers of the squadron ; and I was privileged to see all the preliminaries, including the briefing of the pilots, for a very important operation—the escorting of bombers on a raid over enemy territory, and thereafter a foray by the fighters on their own account to shoot up enemy targets. As I watched them set off and saw them well on their way, I was very deeply impressed indeed. Bombay has backed a winner in this squadron, which is regarded by the R.A.F. as one of their " crack " squadrons and which is engaged in operations of the very highest importance. It made me feel very proud of my connection with Bombay, and I am happy to think, as I am sure

you will be too, that the Province is represented by one of the finest squadrons in the finest air force in the world.

If I have departed from precedent in not attempting a formal review of the events of the past year as they affect this Chamber, such as you normally expect upon this occasion, that is an undertaking from which, gentlemen, you have been good enough to absolve me in advance. It has been a great pleasure to me to have been with you to-day, to have met you, and from this meeting to have derived the encouragement and support which you have held out to me.

MR. D. MOIR, in proposing a vote of thanks to the Committee, said:—Your Excellency, Mr. President and Gentlemen,—It is my privilege to-day to propose a vote of thanks to the President, Vice-President and the outgoing Committee. The year under review has been one presenting many difficulties, but I feel quite safe in saying that the many problems which your Committee has had to deal with have been dealt with in a manner which upholds the excellent traditions of this Chamber.

It must not be forgotten that in these days of depleted staffs the work of your Committee is all the more arduous and our special thanks are due to them for the time which they have devoted to the interests of the commercial community generally. The greater portion of that work must fall on the heads of your President and Vice-President, but I do not overlook the conscientious and untiring work put in by your able Secretary.

I now formally propose "That the thanks of the Chamber be tendered to the President, the Vice-President and the outgoing Committee for their able conduct of the affairs of the Chamber during the past year."

MR. C. A. CUNLIFFE seconded the proposition which was carried with acclamation.

Under the provisions of the Article 41 of the Chamber's Articles of Association, the outgoing Committee in conjunction with the incoming President and Vice-President, are empowered to select six duly qualified persons to serve, if elected, as ordinary members of the Committee for the ensuing year, and these six gentlemen are to be deemed to have been duly proposed for election. The following names were submitted to the vote:—

MR. R. W. BULLOCK;
MR. C. J. DAMALA;
MR. MANEKLAL PREMCHAND;
MR. W. L. A. RADCLIFFE;
MR. G. H. J. RICHMOND;
MR. W. G. J. SHAW.

MR. R. C. LOWNDES proposed, MR. E. J. C. HERRING seconded, and it was agreed :—

"That MESSRS. SHARP AND TANNAN be and are hereby elected Auditors of the Chamber's accounts for the year 1943 at a remuneration of Rupees Two hundred and fifty."

MR. C. F. MORRIS, in proposing a vote of thanks to His Excellency the Governor, said :—Mr. President and Gentlemen,— It is my privilege to propose that we should express our thanks to His Excellency the Governor for the honour he has done us in attending our meeting to-day, and I have very much pleasure in doing so. We are very fortunate that so soon after his arrival in Bombay His Excellency has been able to come among us to-day and we are very grateful to him. I hope the reception we have given him will encourage him to come again and when he comes next year, as we all hope he will, he will feel he is coming among those on whom he knows he can depend for helpful co-operation and if I may say so, for friendly and if necessary constructive criticism. In these difficult times His Excellency comes to us as our Governor with the reputation of being a sound administrator, he has held varied and high offices of State and has had large commercial and industrial experience. In these times we are fortunate we shall be able in Bombay to benefit from his experiences. His Excellency has also to my mind the additional advantage of his nationality. It is 40 years since Bombay has had a Governor from Scotland and I am sure you will agree that so far as Bombay is concerned His Excellency's appointment is not out of turn and that you will not grudge Scotland her privilege.

I have much pleasure in proposing that we thank His Excellency for his attendance at our meeting to-day and for his very interesting speech and wish him the best of good luck during his term of office.

The proposition was carried with acclamation.

A vote of thanks to the President terminated the proceedings.

# Bombay Chamber of Commerce

## ANNUAL REPORT FOR 1942

### ELECTION OF PRESIDENT AND VICE-PRESIDENT OF THE CHAMBER FOR THE YEAR 1943-44.

In accordance with the prescribed regulations, MR. L. A. HALSALL and MR. A. L. HUTSON were elected President and Vice-President, respectively, of the Chamber for the year 1943-44.

### CHANGES IN THE COMMITTEE DURING 1942.

Under Article 43 of the Chamber's revised Articles of Association, the Committee, not later than fourteen days after the date of the annual general meeting, have to nominate a duly qualified person to be an ordinary member of the Committee. In accordance with the provisions of this Article the Committee nominated MR. D. D. STORRAR.

In May 1942 MR. H. L. LEROY resigned his seat on the Committee owing to ill-health and MR. W. L. A. RADCLIFFE was nominated to serve in his stead.

In June 1942 MR. H. G. DAVIES died. At a meeting of the Committee held on the 24th June 1942 the Committee recorded the following resolution and a copy was forwarded to MRS. DAVIES :—

"The Committee of the Bombay Chamber of Commerce have learnt with deep regret of the premature decease of Mr. H. G. Davies, and desire to place on record their sincere appreciation of the valuable services he has rendered to the Chamber."

MR. A. W. PERCY was nominated to serve in place of MR. DAVIES.

In August 1942 MR. D. D. STORRAR resigned his seat on the Committee on transfer from Bombay and MR. W. KERR was nominated to serve in his stead.

### SYDENHAM COLLEGE ADVISORY BOARD.

CHAMBER'S REPRESENTATIVE.

In June 1942 the Chamber was informed that the Government of Bombay had sanctioned the reconstitution of the Advisory Board of the Sydenham College of Commerce and Economics

for the triennium commencing from the 25th May 1942 and the Chamber was invited to nominate a representative to serve on the Advisory Board for the current triennium. The Committee renominated SIR ALEXANDER GRAY.

## G. I. P. RAILWAY LOCAL ADVISORY COMMITTEE.

### CHAMBER'S REPRESENTATIVE.

The tenure of office of the existing members of the G. I. P. Railway Local Advisory Committee, Bombay, expired with the meeting held in May 1942. MR. L. A. HALSALL was renominated to serve as the Chamber's representative on the new Committee for a period of two years with effect from the meeting for the month of June 1942. MR. HALSALL resigned his seat in December 1942 and MR. C. W. WARRINGTON was nominated to serve in his stead.

## B. B. & C. I. RAILWAY LOCAL ADVISORY COMMITTEE.

### CHAMBER'S REPRESENTATIVE.

The term of office of MR. L. A. HALSALL, the Chamber's representative on the B. B. & C. I. Railway Local Advisory Committee, expired on the 24th October 1942. The Committee of the Chamber renominated MR. HALSALL who, however, resigned his seat in December 1942 and MR. C. W. WARRINGTON was nominated to serve in his stead.

## AUXILIARY FORCE ADVISORY COMMITTEE.

### CHAMBER'S REPRESENTATIVE.

In March 1942 the Government of Bombay informed the Chamber that the term of office of the existing Advisory Committee for the Bombay District under the Auxiliary Force Act, 1920, would expire on the 31st March 1942 and requested the Chamber to nominate its representative on the Committee for the year 1942-43.

The Committee nominated MR L. A. HALSALL.

## GOVERNING BODY OF I.M.M.T.S. "DUFFERIN."

### CHAMBER'S REPRESENTATIVE.

(*See Report* 1940, *page* 3.)

As the tenure of appointment of MR. G. S. TAUNTON as the Chamber's nominee as a member of the Governing Body of the I.M.M.T.S. " Dufferin " was due to expire on the 12th April 1942, the Government of India, in March 1942, requested the Chamber to nominate a representative to serve in his stead.

The Committee renominated MR. TAUNTON.

## ROYAL BOMBAY SEAMEN'S SOCIETY.

### CHAMBER'S REPRESENTATIVE.

In April 1941 the Chamber was asked to nominate a representative to serve as a member of the Royal Bombay Seamen's Society under the provisions of Rule 1 (*e*) of the Rules and Regulations of the Society. The Committee renominated MR. C. H. COURTHOPE-MUNROE.

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## TRANSPORT ADVISORY BOARD.

### CONSTITUTION OF NON-OFFICIAL ADVISORY PANEL.

In October 1942 the Chamber was advised by the Government of Bombay that the Transport Advisory Board, Bombay, proposed to constitute a Non-official Advisory Panel to afford advice when required to the Board, and more especially to the Standing Committee of the Board when considering transport questions which might concern business or commercial interests. It was proposed that the Panel would consist of a representative of each of the following bodies—

The Millowners' Association.
The Indian Merchants' Chamber.
The Bombay Chamber of Commerce.

The Committee nominated the President, MR. J. M. B. GIBBONS, to serve as the Chamber's representative.

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## YARN ADVISORY COMMITTEE.

### CHAMBER'S REPRESENTATIVE.

In June 1942 the Government of Bombay requested the Chamber to nominate a representative to serve on a Yarn Advisory Committee for this Province in connection with a scheme for the supply of yarn to handloom weavers. The Committee would consist of the following members :—

(1) The Director of Industries and Yarn Commissioner (Chairman).
(2) A nominee of the Millowners' Association, Bombay.
(3) A nominee of the Millowners' Association, Ahmedabad.
(4) A nominee of the Indian Merchants' Chamber.
(5) A nominee of the Bombay Chamber of Commerce.
(6) A nominee of the Memon Chamber of Commerce.
(7) A nominee of the Yarn and Silk Merchants' Association, Bombay.
(8) A nominee of the Bombay Yarn Exchange.
(9) and (10) Two persons who can represent yarn dealers in the Districts and who supply yarn largely to handloom weavers.

The Committee nominated MR. J. C. LANCASHIRE to represent the Chamber.

## PRIORITY RECOMMENDATIONS FOR TEXTILE MACHINERY AND MILL STORES.

### Chamber's Representative on Advisory Panel.

In March 1942 the Government of India drew the attention of the Chamber to the fact that Government assistance in the shape of priority recommendations to the Secretary of State for India was essential before textile machinery or mill stores could be imported from the United Kingdom. These recommendations had hitherto been made on the basis of advice tendered by the Assistant Director-General, Cotton Textiles, Bombay, except in respect of jute textile machinery which was dealt with by the Director-General, Munitions Production, in the first instance. The Government of India decided to constitute a panel of advisers to assist the Assistant Director-General, Cotton Textiles, in this work. The panel would consist of the following :—

**(1) The Assistant Director-General, Cotton Textiles, or his nominee, Chairman ;**

**(2) Not more than two other officers to be nominated by the Assistant Director-General, Cotton Textiles ; and**

**(3) One representative each from :**

**(*a*) The Millowners' Association, Bombay ;**

**(*b*) The Indian Merchants' Chamber, Bombay, and**

**(*c*) The Bombay Chamber of Commerce.**

The panel, whose functions would be advisory, would meet once or twice in a week in the Cotton Textiles Directorate, Bombay. Its proceedings would be confidential.

The Government of India invited the Chamber to nominate a representative to serve on the panel.

The Committee nominated Mr. J. Slater.

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## ADVISORY COMMITTEE IN RESPECT OF TEXTILE TRADE MARKS.

### Chamber's Representative.

Under the provision of Rule 116 and the Seventh Schedule to the Trade Marks Rules, the Bombay Chamber is entitled to nominate a representative to serve on the Advisory Committee appointed for the purpose of section 66 of the Trade Marks Act. In June 1942 the Government of India, Department of Commerce, requested the Chamber to nominate a representative to serve on the Advisory Committee. The Committee duly nominated Mr. D. A. Telfer.

## "DEFEND INDIA WEEK."

### CHAMBER'S NOMINEES ON COMMITTEE.

It was originally proposed to hold a "Defend India Week" between the 28th February and the 8th March 1942 with the object of making an intensive propaganda in favour of the War effort in India and to make a drive for securing public support to Defence Loans, Savings Certificates and Savings Stamps.

The Chamber was asked by the organisers to nominate three representatives to serve on a General Appeals Committee of the Bombay Provincial Defence Loans Committee which was being formed for the purpose of securing support to the "Week."

The Committee nominated MR. J. M. B. GIBBONS, MR. R. W. BULLOCK and MR. L. A. HALSALL to represent the Chamber.

It was subsequently decided, however, that the "Week" should be postponed until a later date.

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## SUB-COMMITTEES.

The undermentioned gentlemen were nominated to serve on the following Standing Sub-Committees of the Chamber for the year 1942-43 :—

*Import.*

Mr. J. N. Kerr (*Chairman*).
Mr. W. J. Burrows.
Mr. G. A. D. Porter.
Mr. C. D. Priestley.
Mr. A. Sotiriadi.

*Docks and Railways.*

Mr. W. T. Aldous (*Chairman*).
Mr. C. O. Fountain.
Mr. K. J. McNeill.
Mr. J. G. Milne.
Mr. C. F. Morris.
Mr. C. W. Warrington.

*Income-tax.*

Mr. A. E. Blair (*Chairman*).
Mr. G. A. H. Alexander.
Mr. W. B. Bryden.
Mr. G. C. Pocock.
Mr. C. R. Sharp.

*Weather Working Days.*

Mr. R. W. Bullock.
Mr. L. P. S. Bourne.
Mr. H. L. LeRoy.

*Export*

Mr. L. F. H. Goodwin (*Chairman*).
Mr. A. Moch.
Mr. M. Paspatti.
Mr. R. G. Saraiya.
Mr. J. Vonesch.
Mr. D. A. H. Windle.

*Labour.*

Mr. A. W. Percy (*Chairman*).
Mr. L. P. S. Bourne.
Mr. D. D. Carcary.
Mr. H. F. Milne.
Mr. W. G. J. Shaw.
Mr. S. O. Sundgren.
Mr. F. S. Woodcock.

*Finance.*

Sir Alexander Gray (*Chairman*).
Mr. E. J. Dawson.
Mr. R. E. Lewis.
Sir Kikabhoy Premchand, Kt.

In July 1942 Mr. J. N. KERR resigned his seat on the Import Sub-Committee and MR. A. L. HUTSON was nominated to serve as Chairman in his stead.

In July 1942 MR. K. J. MCNEILL resigned his seat on the Docks and Railways Sub-Committee and MR. W. T. GRIFFITHS was nominated to serve in his stead.

In June 1942 MR. H. L. LEROY resigned his seat on the Weather Working Days Sub-Committee and MR. W. L. A. RADCLIFFE was nominated to serve in his stead.

## MEMBERSHIP OF THE CHAMBER.

The total membership of the Chamber on the 1st January 1943 was 184 against 178 at the beginning of 1942.

The following are the names of members elected :—

THE CEMENT MARKETING CO. OF INDIA LTD. Proposed by the Associated Cement Companies Ltd., and seconded by Messrs. Killick, Nixon & Co.

MESSRS. UNITED TRADERS LTD. Proposed by Messrs. Lever Brothers (India), Ltd., and seconded by the National Bank of India Ltd.

MESSRS. CHELSONS LIMITED. Proposed by the Mercantile Bank of India Ltd., and seconded by the Comptoir National d'Escompte de Paris.

MESSRS. J. L. MORISON SON & JONES (INDIA) LTD. Proposed by Messrs. May & Baker (India), Ltd., and seconded by Messrs. L. A. Stronach & Co. (India), Ltd.

MR. C. E. PATAIL. Proposed by Messrs. Gillanders Arbuthnot & Co., and seconded by the Anglo-Thai Corporation, Ltd.

MESSRS. KEMP & CO., LTD. Proposed by the Hongkong and Shanghai Banking Corporation, and seconded by Messrs. L. A. Stronach & Co. (India), Ltd.

## DEARNESS ALLOWANCE TO CHAMBER'S STAFF.

(*See Report* 1941, *page* 158.)

In July 1942 in view of the increased cost of living the Committee increased the dear food allowance of Rs. 3 per mensem granted in March 1941 to the menial staff to Rs. 5.

The Committee also decided with effect from 1st January 1943 to increase the dear food allowance of Rs. 7-8 per mensem formerly granted to the clerical staff earning up to Rs. 150 a month, to Rs. 10 and to extend the allowance to all members of the clerical staff earning up to Rs. 350 per month.

## TONNAGE SCALE.

### LIQUORICE ROOTS.

At a special general meeting of the Chamber called for Wednesday, 18th March 1942, the following resolution was moved and adopted unanimously :—

That the item " Liquorice Roots—8 cwts." be inserted in the Chamber's Tonnage Schedule between the items " Linseed, in bags—16 cwts." and " Mace, in cases—40 c. ft."

## VISIT TO THE CHAMBER OF THE CHIEF CONTROLLER OF IMPORTS.

MR. RAM CHANDRA, C.I.E., M.B.E., I.C.S., Chief Controller of Imports, met the Committee and Import Sub-Committee of the Chamber on Thursday, 3rd December 1942, at 11-30 a.m.

The President in opening the proceedings stated that Mr. Ram Chandra had already met the Priority Assistance Advisory Panel of the Cotton Textiles Directorate, on which the Chamber was represented, and had discussed with them matters pertaining to the cotton textile industry.

Mr. Ram Chandra confirmed that it had been decided to appoint two Deputy Chief Controllers of Imports, one in Bombay and the other in Calcutta. These Deputy Chief Controllers would be given wide powers in connection with the granting of licences and although licensing would be under the ultimate control of the Chief Controller of Imports in Delhi, he proposed to delegate powers to his Deputies in the two major Ports who would be in a position to grant licences within broad general lines defined by him. It was envisaged that the Deputies in the Ports would not only grant licences but would advise the Authorities concerned in the exporting country that they had been granted, so cutting out a considerable portion of the delay which inevitably arose when details of licences granted in Bombay or Calcutta had to be communicated to Delhi before transmission to the Secretary of State or the American Authorities. This was dependent on such a course being found in practice to be the quickest.

The granting of licences by the Deputy Chief Controller in Bombay applied particularly to imports needed for the cotton textile industry. He would also be issuing licences for all quota goods as was done at the moment by the Import Trade Controller. Licences in connection with the import of chemicals or medicines and other goods the import of which had to be considered on merits in each case would, in the majority of cases, still continue to be dealt with at Delhi only, where a broader survey of the country's needs could be made.

The President stated that with this assurance many of the complaints received from members had been satisfactorily met.

A discussion then took place on the numerous other points raised by members, among which were the following.

*Part shipments.*—It was pointed out to the Chief Controller of Imports that when an initial shipment arrived and the import licence was presented to the Custom House, the latter retained the licence if only a part of the shipment had arrived. The result was that in the event of shipments being diverted to other ports,

great delays occurred before the Controller, say in Bombay, forwarded the papers to the Controller at the other port or ports. The Chief Controller pointed out that when the Collector of Customs was informed that a part of the shipment would be forwarded, for example, to Calcutta, he informed the Customs Authorities there to that effect by telegram and subsequently forwarded the licence to Calcutta. It was pointed out, however, that cases had occurred in which the licences had been lost in the post, but the Chief Controller stated that there were sufficient details kept in the Customs House, from which lost licences could be reconstructed, and in any case importers had the right to clear their goods under a bond giving adequate guarantees, pending the receipt of the licences.

*Revalidation of licences.*—The Chief Controller stated that the question of the revalidation of licences, which would expire on the 31st of December but which had not been completed by that date, was under consideration. He pointed out, however, that any extension of unused quotas would interfere with the cargo space available for the January/June 1943 quotas. Shipping space was limited and was only made available on the basis of the licences issued in India. He considered, however, there would be very little difficulty in the case of "merit" goods; exception would naturally take place in the case of articles which were being or could be manufactured in India. He added that the Government of India had made no decision that licences would not be revalidated. Each case for extension or revalidation would be considered on its own merits and he would not commit himself by stating that every unused licence would be revalidated. Asked as to whether exporters in England and America would be entitled to compensation in cases where goods had been manufactured and paid for but not shipped owing to space or the fact that the licence had not been revalidated, the Chief Controller stated that this was a legal issue depending entirely on the law of the country from which the goods had to be shipped. In reply to a further enquiry as to whether exception could be made in the case of contracts entered into long ago but manufacturers, for various reasons, had been unable to deliver the goods before the 9th of May, Mr. Ram Chandra stated that he could hold out no hope that such cases would be considered.

*Letters of credit.*—The question was raised as to why there was a distinction made between firms whose goods were covered by irrevocable letters of credit and firms with their head offices in England, who did not open credits but whose office in England paid cash for goods bought. The Chief Controller stated that the notification was intended to safeguard only those who had opened letters of credit up to 9th of May 1942, the date on which the notification was issued.

*Procedure in obtaining freight space.*—Mr. Ram Chandra mentioned that at present it was the practice to send licence lists to the Secretary of State by air mail. He was trying to arrange for these lists to be sent by the Government of India special fast airmail, but he could not yet say whether this would be agreed to. It had been suggested to him that the airgraph might be used and he would take this suggestion into consideration on his return to Delhi. He mentioned that when licences were confirmed subsequent to issue he always telegraphed to the Secretary of State. He pointed out that when, in respect of any article, information was available that export from England was prohibited, no licences to import were granted out here. In the case of drugs, the Secretary of State had been informed of India's requirements by the Director-General, I.M.S., and was sending out whatever drugs were available. On receipt of information from the Secretary of State as to what had been shipped, licences were granted in India to enable the importer to clear the goods on arrival. This arrangement was originally intended to be a temporary one, but as far as he was aware, no move had yet been made to discontinue it. The Chief Controller would not commit himself into stating whether or not the system would be altered.

*Prohibition of imports of cloth and other articles.*—The opinion was expressed that greater scrutiny and care should be exercised by the Import Trade Controller in connection with the prohibition of imports of cloth and other articles, as certain goods were still permitted to be imported, which could be manufactured in this country whilst other goods which could not be manufactured were prohibited. Cases were mentioned of satin jeans, and magnesia for insulating purposes. The Chief Controller stated that satin jeans had been deliberately excluded as non-essential. In the case of magnesia, he suggested that as he had no information the firm concerned might be asked to refer the matter back to the Commerce Department.

*Form of application for an import licence.*—In connection with certain questions that were asked on the amended form of application for an import licence, it was suggested that summaries of the commodities to which the notifications referred might be attached to the form to assist importers in stating the particular Part and Serial Number which governed those particular goods. The Chief Controller stated that the notifications relating to import control would be issued in a new form and that, if necessary, a pamphlet might be issued giving up-to-date information and detailed indication as to which Licensing Authority an application should be sent. It was mentioned that it was difficult in some cases for importers to estimate the gross weight of the goods, but the Chief Controller stated that it was necessary that the gross weight should be given, as space was allotted on the basis

of dead weight tonnage. It was further pointed out that importers were often placed in a quandary, because in accordance with the form of application, they had to state whether orders had already been placed for the goods, while exporters at the other end demanded that an import licence should be obtained first before they would book the order. The Chief Controller pointed out that it was possible for importers to obtain provisional licences, which would be confirmed after intimation had been received that the order had been placed with the manufacturer and these provisional licences could be used in connection with the placing of orders.

In regard to the question of zones, the Chief Controller stated that it was originally intended to apply these only to goods imported from the United Kingdom, but it was probable that they would in time be applied to all imports. He advised that importers in their own interests should include this information. In reply to a further question he stated that an Advisory Panel for Patent and Proprietary Drugs and Medicines had been formed under the chairmanship of Sir Ramnath Chopra, but he had no information as to whether this Committee had commenced to function.

*Requisitions of the Supply Department.*—The Chief Controller's attention was drawn to the fact that in some cases the Supply Department had called for materials for which the Chief Controller had refused to grant licences. The Chief Controller stated that in the absence of details it was not possible for him to say how this had happened but that generally speaking it was only natural that anything coming from the Supply Department would carry weight. He pointed out that the system of granting import licences was based on (1) requirements for the war effort, and (2) the necessities for the civilian population on a war-time basis. Members of the Committee expressed doubts as to whether there was sufficient co-ordination between the Commerce, the Supply and the Trade Control Departments.

On the suggestion of a member, the Chief Controller promised to look into the filing system in force in his Department, as it was contended that a great deal of the present trouble might be due to the system in use being linked with pre-war conditions and unsuitable for the greatly enhanced amount of correspondence at the present time.

*Basic period for quotas.*—It was suggested that the basic period on which quotas were calculated when granting import licences should cover the periods of one year peace-time and one year war-time. The Chief Controller stated that it would in many cases be difficult for importers now to produce bills of

entry in proof of their pre-war imports and that whatever system was adopted, it would bear hardly on some traders and he considered the existing system was the fairest to all.

*C.I.F. values.*—In reply to a suggestion that the Import Trade Controllers at Ports should be authorised to modify c.i.f. values on examination of certified copies of invoices, as these values were affected by frequent changes in War Insurance rates, the Chief Controller stated that they were allowed to do so up to the extent of 10 per cent.

*Shipments prior to 1st July* 1942.—The Chief Controller stated that goods which were previously covered by the Open General Licence and which left the exporting country and were consigned to India prior to the 1st July 1942 were exempted from the necessity of an import licence.

*Aluminium scrap.*—In regard to the question as to whether the importation of aluminium scrap lying in Ceylon could be permitted into India, the Chief Controller stated that he was not in a position to answer the question and suggested that the firm concerned might make an individual reference to the Commerce Department.

Similarly in the case of infants' foods and other goods from Australia he advised the member to make a direct reference to the Commerce Department.

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## VISIT TO THE CHAMBER OF THE MEMBER FOR COMMERCE, GOVERNMENT OF INDIA.

THE HON'BLE MR. N. R. SARKER, Member for Commerce, Government of India, who was accompanied by MR. T. S. PILLAY, O.B.E., Additional Secretary to the Department of Commerce, met the Committee of the Chamber on Thursday, 10th December 1942, at 3 p.m.

*Food situation.*—After welcoming the Honourable Member, the President stated that the food situation in Bombay was causing a great deal of apprehension and he inquired what steps Government were taking to ameliorate the position. Mr. Sarker stated that the figures published in the Press as to the quantity of food grains which was expected to be received in Bombay were not quite correct. He anticipated that there would be about 30,000 tons of wheat and 50,000 tons of rice coming to Bombay during the next few months, but he felt that, as far as wheat was concerned, this would not be sufficient and it was possible that they would have to resort to rationing. In reply to a question Mr. Sarker stated that some Provinces certainly had more than

they needed for their own requirements ; for instance, the Punjab had some 2 to 3 lakhs of tons surplus but they seemed unwilling to allow any of this to go to any other Province, although it had been stated that more would be available if the price control was removed. Mr. Sarker added, however, that the Punjab Government was being asked for more of their surplus to be sent to other Provinces and, in the meantime, instructions had been issued for the wheat price control to be temporarily removed for the benefit of the Bombay Government to assist them in making purchases in the Punjab ; he understood that the requirements of Bombay of wheat up to the end of April 1943 would be some 56,000 tons. Application had been made to the Secretary of State for the importation of wheat from Australia, but there would probably be difficulty in obtaining the necessary shipping space.

Asked as to whether there were any restrictions on the imports from Australia of foodstuffs other than wheat, particularly tinned meats, Mr. Sarker stated that the main restriction was the automatic one of want of shipping space. In connection with the question of importing foodstuffs and raw materials for the manufacture of food products for civilian needs, Mr. Sarker suggested that the Chamber might put their views before him in writing on the subject.

In reply to a further inquiry he stated that the Government of India had not published any list giving the order of priorities.

In connection with the exports of surplus *jawari* from Indian States, Mr. Sarker stated that Hyderabad and certain other States were in close contact with the Commerce Department and, as far as he was aware, they had not restricted the export from the States of such surplus.

*Control of prices.*—Mr. Sarker stated that it was found difficult in practice to control prices but it was proposed to extend the price control of food grains. It was suggested to Mr. Sarker that the penalties for infringing the Price Control Ordinances should be heavy, as it was only by this means that it could be hoped to prevent a black market. Mr. Sarker promised to institute an inquiry as to whether it would be possible to freeze stocks in all cases in which price controls had been instituted.

*Quota of piecegoods.*—In regard to the question as to whether piecegoods which had been contracted for but not shipped before the 1st of April 1942 should be excluded from the current quota allowances, Mr. Sarker suggested that as Mr. N. R. Pillai, Secretary to the Commerce Department, would be in Bombay from about the 18th December, the Chamber might meet him and discuss the whole question with him.

In reply to an inquiry as to the amount, if any, by which the quota would be reduced, Mr. Sarker stated that there was no doubt that the quota would be reduced but Government had not as yet decided on the amount.

*Acquisition of paper by Government.*—Mr. Sarker stated that it was hoped that the output of paper mills in India would be increased by about 10 to 15 per cent. They were trying to effect further economies. The Military Authorities had been asked to reduce their consumption and also to obtain their requirements by importing from other countries where possible. It was hoped that eventually about 30 per cent. of the output of the paper mills would be available for public requirements.

*Unit of measurement for thread.*—Mr. Sarker stated that the error in section 12 of the Merchandise Marks Act in treating weight as the unit of measurement for thread instead of length had been brought to the notice of the Government of India and it had been decided to suspend the application of this provision for the present. He hoped it would be possible at some later date to amend the section.

*Registrar of Trade Marks.*—Mr. Sarker stated that while he was in sympathy with the Chamber in regard to the necessity of locating the office of the Registrar of Trade Marks in Bombay rather than in Calcutta, it would be impossible to change the locations without an amendment to the Act. It had been agreed that no legislation should be brought forward during the war except of a very urgent nature and concerned with the war effort. He felt that it would be difficult, if not impossible, to get an amendment made in the Act now but he thought it might be possible by executive order to arrange for all textile trade marks to be registered in Bombay.

*Export of food grains from India.*—In reply to a question Mr. Sarker stated that he was not aware that any food grains had been exported from India to foreign countries by country craft or across the Baluchistan border. Except in the case of Ceylon, to which small quantities had been permitted, the export of food grains from India was prohibited.

*War risk premium.*—A case was brought to Mr. Sarker's notice in which the payment of war risk premium was demanded, where the factory in question had been burnt down. It was pointed out that if the factory was replaced by another on a different site, then the owners would have to pay two premiums, although they would have only one factory in use. Mr. Sarker promised to make inquiries in this connection.

*Insurance by Indian companies.*—Mr. Sarker inquired whether there was any truth in the allegation made by the Indian

Merchants' Chamber to the effect that Exchange Banks had refused to accept policies of insurance taken out with Indian companies. He was informed that the policies of Indian companies as such had never been refused, that there was no discrimination whatever between the policies of Indian and British companies and that each insurance policy was considered on its own merits. It was explained that in making out conditions of their letters of credit, some British firms might have stipulated that the insurance should be taken with a British insurance company, but in cases where no such stipulation was made and the policy of an Indian insurance company was presented, the Exchange Banks would accept it; similarly, if an Indian business house took out a policy of insurance with an Indian company, such a policy would also be accepted by the Exchange Banks. The whole question depended on the status of the business house and the status of the insurance company.

Mr. Sarker thanked the Committee of the Chamber for giving him an opportunity of meeting them and requested that if they had any difficulties, they should get into direct communication with him, because he desired that the contact between him and the business community should be as close as possible.

The President thanked Mr. Sarker for his kindness in attending the meeting and so patiently listening to the various points that had been raised in the discussion.

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## VISIT TO THE CHAMBER OF MR. J. H. F. RAPER.

MR. J. H. F. RAPER, Member, Transportation, Railway Board, visited the Chamber on the 20th of May 1942 and had an informal discussion with the Committee on the following subjects :—

(*i*) Delays in despatches of goods from Madras and Sholapur to Bombay.

(*ii*) Shortage of tank wagons for vegetable product.

(*iii*) Possible closing of bookings from intermediate stations.

(*iv*) Requisitioning of motor trucks.

(*v*) Running of Race Specials.

(*vi*) Wagons for coal.

(*vii*) Distribution of coal in Ahmedabad.

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## ASSOCIATED CHAMBERS OF COMMERCE OF INDIA.

### ANNUAL MEETING, 1942.

The annual meeting of the Associated Chambers of Commerce of India was held at the Royal Exchange, Calcutta, on Thursday, 17th December 1942. The meeting was opened by His Excellency

the Right Honourable the Marquess of Linlithgow, P.C., K.T., G.M.S.I., G.M.I.E., O.B.E., D.L., T.D., Viceroy and Governor-General of India. This Chamber was represented by MR. C. P. BRAMBLE, a Past President of the Chamber.

The following is a list of subjects in connection with which resolutions were adopted unanimously by the meeting :—

1. Taxation in Indian States.
2. Import Trade Control.
3. Paper shortage.

A resolution on the following subject was carried *nem con:*—

4. Post-War Reconstruction.

A resolution on the following subject was withdrawn without discussion:—

5. Price Control.

## THE ASSOCIATED CHAMBERS OF COMMERCE OF INDIA.

### DEPUTY PRESIDENT.

At the annual general meeting of the Associated Chambers of Commerce of India, held at Calcutta on the 17th December 1942, the following resolution was adopted unanimously :—

"That the Bombay and Upper India Chambers of Commerce be and are hereby elected under the provisions of Article 15 of the Articles of Association to nominate each a Deputy President for the year 1942-43."

The Committee nominated the President-elect of this Chamber, MR. L. A. HALSALL, as one of the Deputy Presidents.

## INDIAN INSTITUTE OF SCIENCE, BANGALORE.

### ASSOCIATED CHAMBERS' REPRESENTATIVE.

(*See Reports* 1921, *Vol. I, page* 112 ; 1930, *page* 225 ; 1938, *page* 12.)

In September 1942 the Associated Chambers informed constituent Chambers that the term of office of MR. C. D. PRIESTLEY, the representative of the Associated Chambers on the Court of the Indian Science Institute, would expire at the end of the current year. The Associated Chambers was requested to nominate a representative for the quinquennium 1943-47.

It was ascertained from MR. PRIESTLEY that he was prepared to continue his representation of the Association and the Committee put forward his name for election. The Chamber was subsequently informed that he had been elected.

## INDIAN LEGISLATIVE ASSEMBLY.

### ASSOCIATED CHAMBERS' REPRESENTATIVE.

In November 1941 the Government of India requested the Associated Chambers of Commerce of India to submit a recommendation regarding the filling of the vacancy in the Indian Legislative Assembly caused by the death of MR. L. C. BUSS.

The names of three candidates were submitted to the Associated Chambers—(1) Sir Henry Richardson, by the Bengal Chamber; (2) Mr. E. S. Millar, by the Northern Indian Chamber, and (3) Mr. A. F. T. Cambridge, by the Punjab Chamber. The Committee of the Bombay Chamber supported the candidature of SIR HENRY RICHARDSON and were informed later that a majority of votes had been cast in his favour and that his name had been forwarded to the Government of India.

## CENTRAL ADVISORY BOARD ON FOREST UTILISATION.

### ASSOCIATED CHAMBERS' REPRESENTATIVE.

(*See Report* 1937, *page* 209; 1938, *page* 173.)

A vacancy in the representation of the Associated Chambers of Commerce of India on the Central Advisory Board on Forest Utilisation arose during September 1942 as a result of Sir J. P. Srivastava resigning his membership of the Board on assuming charge of his office as a member of the Viceroy's Executive Council. As Bombay was little concerned in the matter, the Committee did not submit any nomination to the Associated Chambers.

The following two nominations were put forward:—(1) Bawa Gian Singh (Northern India Chamber of Commerce), (2) Lala Hari Shanker Bagla (Upper India Chamber of Commerce).

On being requested by the Associated Chambers to register their vote in favour of any one of the two nominees, the Committee voted in favour of the former and were subsequently informed that he had been duly elected.

## THE WAR.

(*See Reports* 1939, *page* 17; 1940, *page* 15; 1941, *page* 17.)

*The following are some of the more important subjects affecting commerce which came under the consideration of the Committee of the Chamber during the year under review as the outcome of the War between the United Nations and Germany, Italy and Japan.*

### WAR RISKS (FACTORIES) INSURANCE ORDINANCE, 1942.

#### (1) INTRODUCTION OF SCHEME.

(*See Report* 1941, *page* 27.)

It was recorded in the Report for 1941 that this Chamber had supported the suggested introduction of a scheme of war risk insurance for industrial and commercial plant and buildings provided the premiums were reasonable but it was doubtful of the feasibility of extending such insurance to include private buildings.

At the annual meeting of the Associated Chambers of Commerce of India held at Calcutta on the 15th December 1941, the following resolution was moved by the Bengal Chamber and adopted unanimously :—

"This Association urges on the Government of India the desirability, under existing conditions, of the formulation for consideration of a Government scheme for the compulsory insurance of immovable property, including buildings and fixed plant and machinery."

On the 5th February 1941, the Bombay Millowners' Association forwarded the following telegram to the Department of Commerce of the Government of India :—

"Further our telegram February second War Risk insurance mill buildings and machinery. Request immediate publication Ordinance which would empower Government to make schemes for relief in respect of war damages sustained by factory buildings and machinery. Scheme must provide for all India application and insurance at one flat rate. Details of scheme regarding rate and basis payment of compensation may follow later if Ordinance laid down scheme would apply from date publication Ordinance. In this connection attention is drawn to procedure adopted by Government in connection with war injuries. Ordinance VII published in July empowered Government to make scheme while details of scheme were published in January 1942. Suggest immediate publication of Ordinance should be followed by consultation with industrial interests in connection with details scheme of insurance. Immediate action imperative."

The Committee of the Chamber subsequently despatched the following telegram to the Commerce Department :—

"Bombay Chamber Commerce fully support telegram despatched you 5th February by Millowners' Association regarding compulsory war risk insurance for industrial and commercial plant and buildings. Consider essential immediate publication Ordinance empowering Government to bring into force such insurance scheme to compensate owners in event of war damage. Matter was raised by Associated Chambers in their letter of 29th July 1941 to Government and in view of prevailing conditions further delay in arriving at decision must be avoided. Fully concur therefore with the suggestion that details should be decided later after promulgation of Ordinance which should stipulate that scheme comes into force from date of publication. Support proposal that publication of Ordinance should be followed by consultation regarding terms of insurance with industrial interests."

On the 8th April 1942 the Governor General promulgated an Ordinance, XII of 1942, to provide for the insurance of certain property against war risks. The scheme was intended to cover the buildings of factories as defined in clause (*j*) of section 2 of the Factories Act, 1934 and included all buildings comprised in the factories and such other buildings (including residential buildings for staff and workmen, hospitals and welfare centres) within a radius of two miles from the main factory buildings as were in the same ownership or occupation as the factories and were used for the purposes of the factories.

On the 20th April 1942 the Bombay Millowners' Association despatched the following telegram to the Department of Commerce and Supply of the Government of India :—

"Reference Ordinance XII 1942 regarding insurance certain property in British India against war risk. Committee Millomutua desire to make the following submissions. Para one. Expression insurable value should be defined as full reinstatement value of buildings machinery and appurtenances whether old or new on prices current April 1st 1942 which in view of twenty per cent. risk carried by insured is a reasonable proposition specially in view of impossibility defining what is reasonable depreciation. If Government cannot see their way to accept this suggestion then suggest basis of compensation being raised to ninety per cent. insured value and one hundred per cent. in case where Government employ scorched earth policy. Para two. It is assumed premium paid for war risk insurance will be allowed as business expense when computing excess profits tax income-tax and super-tax. Please confirm. Para three. All claims under policy must be settled within six months in every case of claim for damage after April 1943. Para four. Where claim not settled as suggested in para three interest at three per cent. should be allowed to insured after first six months of claim. Para five. Committee do not understand clause three 5 (d) (*ii*) where Government are empowered to require factory reconstructed elsewhere. In case of partial damage this will be impossible to be done within limited time specially as after war conditions of trade may make such a factory impossible to be run. Suggest omission of this clause specially as new buildings for such transferred property may take even two years to construct. Suggest Government take these points into consideration when framing rules."

In addressing the Government of India on the subject the Committee stated that they associated themselves in general terms with the views expressed in this telegram but in connection with the valuations for insurance, they pointed out that the principles laid down in the rules as published governing the insurable value of the property were in many respects unintelligible and mutually contradictory.

Rule 7 (*a*) stated that the "insurable value shall be the actual value . . . of the property at the relevant date after making due allowance for depreciation," while 7(*b*) enacted that "all plant and machinery shall be valued as part of a going concern and not as scrap."

By paragraph (*a*) it was understood that the intention was that the insurable value should be the cost of new plant on the date of destruction less a depreciation allowance for the number of years that the destroyed plant had been in operation. In the absence of instructions as to depreciation, it was assumed that the statutory rates allowed for Income-tax would properly be applied, and in such case the value of a large proportion of machinery in operation in this country would be calculated as not a great deal in excess of scrap value. But such valuation was not permissible under paragraph (*b*), and no indication at all was given of the principles to be applied in re-valuing such depreciated plant as a going concern.

It was quite obvious that this ambiguity left many loopholes for evasion on the part of the insured who wished to minimise the cost of the insurance, while it afforded no certainty to the insured, who were prepared to proffer a reasonably full valuation of their property, that their valuation would not be liable to reduction should it come to a question of settlement of claims. In fact the rules as at present drawn had raised considerable apprehension in the minds of industrialists that they might be paying premiums calculated on one basis only to find that they were paid compensation on a different one.

Again in Rules 7 and 7A of the Second Schedule, reference was made to the cost of restoring any property. If by this was meant the cost of replacement, then it appeared to be altogether unlikely that in actual practice these rules could be operative because the definition of actual value in Rule 7(*a*) referred to above appeared to preclude the possibility of the total sum insured being anywhere in the region of 80 per cent. of replacing cost.

Incidentally it was pointed out that whereas provision was made under Rule 7A for compensation for the cost of moving and if necessary replacing the undamaged part of a factory, no provision was made for compensation for replacing in its original site that part of the factory which had been damaged and restored. In other words, Government apparently contemplated that at the end of the war an insured might find his factory removed for military reasons to a locality quite unsuited for commercial operation, and be saddled with the cost of replacing it in its original site. This was clearly inequitable and required remedying.

While appreciating the difficulties involved in cases where for various reasons fire insurance was not taken out at all, the Committee were of opinion that the simplest basis for assessing value, for the purposes of this insurance was the declared values for any fire insurance that might have been in existence on, say, 1st April 1942 or even some earlier date. While it was true that many insurances nowadays were calculated on a reinstatement basis, it appeared to the Committee that there could at least be no question of the genuineness of such valuations, which would have been adopted by the insured before ever the question of war risk was contemplated.

In conclusion, the Committee pointed out that the time allowed for effecting insurance, i.e., by 29th May 1942 was totally inadequate, because re-valuation for insurance purposes involved the calculation of values for a multiplicity of items, while the task was complicated many times owing to the prevailing uncertainty as to the correct basis to adopt. The Committee therefore urged an immediate clarification of Government's

intentions and pressed for permission for payment of provisional premiums to be adjusted later when the correct valuations had been finally determined.

As no reply was received to this letter by the 25th May clarifying the interpretation of the term "insurable value" and as the date for the inauguration of the scheme had been fixed for 29th May 1942, the Committee telegraphed to the Government of India urging the extension of the time limit to 12th June pending a decision. The Government of India, however, refused further to extend the date and pointed out that a company might insure for the actual value of the machinery less any depreciation which it considered reasonable. This value would not, however, be binding on Government in making payment of compensation.

In replying, subsequently, to the Chamber's letter the Government of India explained that the intention of Rule 7(*a*) of the War Risks (Factories) Insurance Rules was that the insurable value should be the cost of the new plant on the date of application less a reasonable allowance for depreciation for the number of years that the old plant insured had been in operation. As regards depreciation attention was invited to Condition 15 of the "Conditions" in the Second Schedule to the Rules which provided that the amount which the insured might provide for depreciation and which might be entered in the annual accounts of the insured should not be taken as final and conclusive as against either insurer or insured in settling any loss which might occur. This was to cover cases where the plant and machinery might have been very heavily or not adequately written down. The Government of India considered that calculation of depreciation at a reasonable rate would not result in the plant and machinery being assessed at almost its scrap value except in a very few cases, and in those few cases where the plant and machinery would presumably be very old, it would not be justifiable to value it at very much more than its scrap value.

As regards the Chamber's criticism of Conditions 7 and 7A of the second schedule regarding the cost of restoring any property, this condition, it was considered, would be very useful in cases where prices at the time at which compensation had to be paid were very much lower than prices prevailing on the date of application.

Although Government had reserved to themselves the power to require the damaged factory to reconstruct on another site, they did not ordinarily intend to exercise this power without first taking into account the wishes of the owner of the factory or in cases involving undue practical difficulty or hardship. In view of these considerations it was not considered necessary to modify the provisions regarding such reconstruction.

In the light of what had been stated above Government did not consider it desirable to change the basis of insurable value and as the scheme had been delayed already it was not proposed to postpone its inauguration further beyond the 29th of May.

On the 11th June 1942 the Government of India issued the following Press *communique* in connection with the question of insurable value:—

"As certain doubts have been expressed in commercial circles as to the exact meaning of insurable value in connection with the War Risks (Factories) Insurance Ordinance the following is published for general information.

Insurable value for the purposes of the Ordinance may be illustrated by the following example:

'A' bought a machine ten years ago for Rs. 1,000 which on the date of application would cost new Rs. 3,000. The insurable value then is Rs. 3,000 less reasonable depreciation for ten years' use. If reasonable depreciation in this case were considered to be 30 per cent. then the sum insurable would be Rs. 2,100, in other words, exactly the same as would apply in the case of a person insuring under an ordinary Fire insurance policy.

The owner of the property himself should be able to judge as to what life can be expected of the property and to what extent its life or efficiency has been impaired by use or other causes from year to year and should be able, therefore, fairly to assess reasonable depreciation.

It follows that neither depreciation provided in books of account nor depreciation as laid down by the Income-tax authorities need necessarily constitute reasonable depreciation for the purposes of the Ordinance.

Applications for increased cover due to under-valuation of the insurance originally effected should be made on the form for supplementary policies on or before July 15, 1942."

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## War Risks (Factories) Insurance Ordinance.

### (2) Suggested application to Commercial Buildings.

In June 1942 the Committee drew the attention of the Government of Bombay to the fact that under the existing provisions of the Government of India War Risks (Factory) Insurance Ordinance it was not permissible to take out cover on commercial buildings. The Committee had given consideration to this point and representations had been made by the Associated Chambers of Commerce to the Central Government. The Committee understood that before any action in this regard could be taken by the Central Government it was necessary that representations should first be received from the various Provincial Governments.

The Committee pointed out that it was a matter of great importance to many firms and companies in this country that they should be able to cover their business properties against war risks. It was very often the case that buildings owned by business firms constituted, in point of value, one of the largest,

if not the largest, single asset of the business, and in many instances funds had been raised from banks by loans against the security of commercial buildings. Banks had already indicated that the absence of insurance cover might affect detrimentally their ability to continue such advances. The Committee therefore submitted that Government should give this matter close attention with a view to making the scheme of war risks insurance applicable to such buildings.

The Committee stated that it was obviously necessary that there should be some clear definition of the meaning of a commercial building. A commercial building was defined in the Bombay Shops and Establishments Act as follows :—

"A 'commercial building' means a building which is not a shop but which is used for the business of advertising, commission, forwarding or commercial agency, or by a department of a commercial establishment or commercial undertaking, or which is an insurance company, joint stock company, bank, or other such class of building as the Central Government may by notification in the official *Gazette* declare to be a 'commercial building' for the purpose of this Act."

This definition would exclude from the scheme any building, however valuable, which was owned by and used by a retail establishment and it would be manifestly unfair to exclude a building used as a large retail shop and at the same time include large numbers of small buildings merely because the owners of them were engaged in business as opposed to shopkeeping. The Committee considered therefore that if any scheme of insurance covering commercial buildings was framed it must obviously include shops. At the same time they appreciated that it might be necessary to exclude the large numbers of petty shops housed in small buildings in the main cities of India. It would also be necessary to exclude from such a scheme a building which was used mainly for residential purposes and only partly for commercial purposes or shops. They suggested therefore that it might be desirable to exclude from the scheme any building whether used for commercial purposes or shops or both, the municipal valuation of which was less than Rs. 1 lakh. As regards premises used partly for residential purposes, it might be practicable to adopt another provision somewhat on the lines of the Central Government Notification 1-WRI/42 in connection with the Factories Insurance Ordinance altered to read as follows :—

" Any premises, including the precincts thereof which are in part a commercial building and in part used for residential and other purposes, the number of persons ordinarily engaged on the commercial establishment part of the premises being less than one-fifth of the number of persons residing in or employed in the other part of the premises."

The Committee requested Government to give their very urgent consideration to this matter which was of much importance to many commercial concerns.

## War Risks (Factories) Insurance Ordinance, 1942.

### (3) Advisory Committee.

In July 1942 the Associated Chambers of Commerce of India informed this Chamber that the Government of India proposed to appoint an Advisory Committee of six members—three to be nominated by the Federation of Indian Chambers of Commerce and Industry and three by the Associated Chambers of Commerce to advise them on matters connected with the administration of the War Risks (Factories) Insurance Scheme.

The proposed Committee would work in an honorary capacity and it was intended to consult it on important questions of policy arising out of the administration of the War Risks (Factories) Insurance Ordinance and so far as they affected factory owners and occupiers. The reference to and from the Committee would sually be by correspondence.

The Associated Chambers enquired whether this Chamber desired to nominate a member to serve on the Advisory Committee.

The Committee nominated Mr. R. W. Bullock.

Subsequently, the Chamber was asked to record its votes in favour of three of the five nominations which had been submitted, and the Committee voted for The Hon'ble Mr. R. R. Haddow of Calcutta, Mr. B. S. Laurence of Madras and Mr. R. W. Bullock of Bombay. These three gentlemen were elected by a majority of votes to serve on the War Risks (Factories) Insurance Advisory Committee.

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## War Damage of Immovable Properties other than Factories.

On the 7th July 1942 the Government of Bombay issued the following Press *communique* :—

"Suggestions have been made to the Government of Bombay, and have also appeared in the Press, that a scheme might be devised to provide compensation for war damage applicable to immovable properties with the exclusion of 'factories,' which are already covered by the Government of India Scheme and also, possibly, of properties of a specified type, e.g., temples, mosques and other 'religious' buildings, or buildings owned by the Central or the Provincial Government or by a Railway or by a Port Trust or a Municipality.

It will be appreciated that there is as yet in Bombay Province no actual data on which to base such a scheme. But an attempt has been made to forecast the financial commitments which might be involved if such a scheme were introduced.

It has been assumed that such a scheme should apply only to those cities in the Province which have already been selected for the enforcement

of systematic A.R.P. measures, viz., Bombay City, Bombay Suburban District, Poona (including Kirkee) and Ahmedabad. The value of the immovable property to be covered by the scheme in these centres, based on municipal house-tax returns, is taken as approximately Rs. 325 crores.

It is considered that any such scheme for the protection of the householder would best be based on the British War Damage Act, under which damage done will be paid for from a fund to which the property-owner and the Treasury, that is, Government revenues, contribute. It is understood that in Great Britain the probable liability in the way of compensation over a period of two years was taken, when the Act was first introduced, at 4 per cent. of the total estimated value of the immovable property in the country. All property-owners have to pay contributions amounting, on a rough estimate, to 2 per cent. of their property, and damage from enemy action up to a total of £200,000,000 will be paid for from funds so collected. If the total damage exceeds £200,000,000 the Treasury would contribute up to another £200,000,000. If the total damage exceeded £400,000,000, the compensation to be paid thereafter would be provided by equal contributions from the property-owner and the Government.

In Great Britain clearly the danger of loss of property is considerably greater than it is in the Bombay Province. But on the other hand in Great Britain the risk is spread over *all* property, both urban and rural, whereas under the scheme examined by the Government of Bombay, the risk is confined to certain areas, and the individual risk is thus considerably higher than if it were spread over all towns and villages of the Province. In addition, the methods of building construction and the congestion in Indian cities involve the possibility of more extensive damage.

The Government of Bombay, therefore, in considering a scheme for certain areas of the Province, have thought it best to proceed on the assumption that the property-owner will contribute an amount equal to 2 per cent. of the value of non-factory property in the areas to which the scheme extends, and that if this amount should be found insufficient, the Government of Bombay would then provide an equal amount. The risk period would cover two years from the introduction of the scheme, and the property-owner's contribution would be collected in half-yearly instalments over a period of four years.

This would mean that property-owners in Bombay, Bombay Suburban District, Ahmedabad and Poona would have to pay annually for each of four years a contribution which, it has been estimated, would vary from 1½ to 2 times their present house-tax (in Ahmedabad, the general water-rate) not including Urban Immovable Property Tax. If the contributions are not fully used up on the scheme, the balance will be refunded.

Any such scheme can of course be but tentative. But the Government, before considering the scheme further, desires to know the public reaction to these proposals, especially whether a scheme for compensation on these lines would be welcomed by the public and whether property-owners would be prepared to contribute the amounts required. It should be noticed that the contributions under the scheme will be compulsory on all non-factory buildings (other than of the type which may be specifically excluded and in respect of which no compensation can be claimed) throughout the areas covered.

Suggestions or remarks may be sent to the Secretary to the Government of Bombay, Finance Department, before August 10, 1942."

The Committee informed the Government of Bombay that they warmly welcomed the proposal and much appreciated Government's action in the matter. They, however, expressed a hope that the rate of premium would be kept as low as possible.

Up to the time of writing this Report no further communication had been received from the Government of Bombay on the subject.

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WAR RISKS (GOODS) AND (FACTORIES) INSURANCE ORDINANCES.

STORES AND MACHINERY SPARE PARTS NOT FOR SALE.

In May 1942 the Associated Chambers of Commerce of India addressed the Department of Commerce of the Government of India in connection with the question of bringing " stores " and machinery spare parts not for sale within the scope of the above Ordinances.

Summarised, the Associated Chambers requested the Government of India :—

(*a*) To state whether the War Risks (Factories) Insurance Ordinance included as " property insurable under this Ordinance " (*i*) self-contained individual items of machinery held as spares in the " factory," or in the " factory buildings," such as electrical meters, transformers (*ii*) other machinery spare parts similarly held in stock and (*iii*) machinery accessories such as belting, shuttles, bobbins, pickers, etc.

(*b*) If the above were excluded from the scope of the War Risks (Factories) Insurance Ordinance, to take such action as might be necessary to include them under either that scheme or the War Risks (Goods) Insurance Scheme as might be appropriate.

(*c*) To consider the extension of insurance cover to oils not at present insurable under the Goods Insurance Scheme.

(*d*) To eliminate from the schedule of non-insurable goods under the War Risks (Goods) Insurance Scheme attached to Notification No. 13 W.R.I./41 of the 26th April 1941, certain items of iron and steel which entered into the processes employed in the engineering industry.

In replying to these points the Government of India stated that:—

(*a*) All " mill stores " which could be described as machinery and plant were insurable under the War Risks (Factories) Insurance Ordinance if situated within the geographical limits of the factory.

(*b*) Did not arise.

(*c*) Mineral oils were not insurable under the War Risks (Factories) Ordinance.

(*d*) The matter was under consideration.

The Government of India added that the word 'plant' in its natural sense included whatever apparatus was used by a business man for carrying on his business not his stock in trade which he bought or made for sale, but all goods and chattels, fixed or movable, alive or dead, which he kept for *permanent* employment in his business. Any stores of plant and spare parts as defined above and machinery, if within the geographical limits of the factory, were therefore insurable under the Factories Ordinance but stocks of consumable goods, even though used in the process of manufacture and not for sale, would not be insurable as the requirements of permanency would not be satisfied. It appeared from the above that machinery and plant excluded such articles as lubricating oils. However, the Government of India were examining the question whether "stores" which could not be described either as plant or machinery should be made insurable under the Ordinance or not.

In the meantime the Associated Chambers of Commerce of India in addressing the Government of India again on the subject stated that in discussing particularly the question of machinery spare parts, the Association had expressed a preference for the inclusion of such items under the War Risks (Factories) Insurance Scheme. It had been pointed out, however, that such a step would rule out any war risks cover on stores imported into India until their arrival within the mill precincts. In the existing circumstances, when consignments of imported goods were liable to be placed ashore at any port in India, it was of course very important that the war risks cover under the War Risks (Goods) Insurance Scheme should be available from the point at which the marine war risks terminated. For this reason, which the Association trusted would be borne in mind when the matter was being decided by the Government of India, it seemed that in the case of general "mill stores" it would be better to include them within the scope of the War Risks (Goods) Insurance Scheme.

On the 28th July 1942 the Department of Commerce of the Government of India issued the following Notification :—

In exercise of the powers conferred by section 15 of the War Risks (Factories) Insurance Ordinance, 1942 (No. XII of 1942), the Central Government is pleased to direct that the following further amendment shall be made in the War Risks (Factories) Insurance Rules, 1942, namely :—

To the said Rules, the following rule shall be added, namely :—

17. All plant and machinery appertaining to or appropriated for the purposes of, a factory (being a factory which is insurable under the Ordinance) shall, when owned by the owner or the occupier of the factory, be property insurable under the Ordinance if situated anywhere in British India or in any territory to which section 17 of the Ordinance for the time being applies, provided that such plant or machinery is not for the time being covered against War Risks by an Overseas War Risks Insurance Policy or a marine insurance policy whereby it is insured for a sum not

less than its value for the time being and provided also that it is not insurable for the time being under the War Risks (Goods) Insurance Ordinance (No. IX of 1940).

Under Notification No. 71-W.R.I./42 dated 14th November 1942, the Government of India published a schedule of goods to which sub-section (1) of section 7 of the War Risks (Goods) Insurance Ordinance did not apply. The schedule included among other articles certain descriptions of iron and steel and non-ferrous metals, bricks, tiles and manufactures of stone. By Notifications Nos. 72 and 73 W.R.I./42, of the same date these goods were voluntarily insurable at double the rate of premium charged for goods liable to compulsory insurance.

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## War Risks Insurance Schemes (Goods and Factories).

### Claims Committees.

In August 1942 the Department of Commerce of the Government of India informed the Associated Chambers of Commerce of India that the existing procedure for the settlement of claims under the War Risks (Goods) and the War Risks (Factories) Insurance Schemes was that in the event of damage the claimant had to submit a claim in writing in the prescribed form to the Government Agent concerned within a specified period, which was 10 days for the War Risks (Goods) Insurance Scheme and 15 days for the War Risks (Factories) Insurance Scheme. On receipt of a claim the Government Agent would have it verified and the loss assessed by a recognised Loss Assessor, provided that where no Loss Assessor resided or was present in the district in which the loss or damage had occurred, the loss would be assessed by a person who might be specially deputed for the purpose either by any of the prescribed Associations or by any of the Special Officers. After assessment of the loss, the Loss Assessor or the specially deputed person forwarded his report to the Government Agent who after such further verification as he thought necessary would send the report with his remarks and recommendations to the Commerce Department through the Accounts Officer concerned. On receipt of the report the Government of India would examine it and take such consequential action as might be necessary.

It was considered that while the above arrangements might be adequate for prompt adjudication and settlement of claims so long as they were few and simple they would be quite inadequate when claims became numerous and complicated. To meet the latter contingency it was proposed to set up Claims Committees at Bombay, Madras and Calcutta. The Committee at Bombay would have the power to form a local sub-committee at Karachi and the Committee at Calcutta would have similar power regarding local Committees at Delhi, Lahore, Cawnpore or Lucknow.

The principal work of these Committees would, *inter alia*, be :—

(1) to examine the report of Loss Assessors in respect of claims and to recommend to Government the amount of claim admissible :

(2) to maintain an adequate number of Loss Assessors and to appoint Loss Assessors in places where none existed.

The procedure would be somewhat as follows :—

Immediately on a claim being made by an insured person through the Government Agent, the Government Agent would notify the Claims Committee. The Government Agent would then appoint a Loss Assessor unless Government decided to depute a special Loss Assessor or unless the Claims Committee decided to appoint a Loss Assessor. The Loss Assessor or Assessors would then examine the claim and submit a report to the Government Agent, that is to say, the insurance company. The Government Agent would after such verification as he might think fit, forward the report to the Claims Committee. The Claims Committee would examine the report and submit its recommendations to Government for orders through the Accountant General concerned.

The Government of India added that it had been decided that the Claims Committees at Calcutta, Madras and Bombay, should include representatives of the leading local Chamber of Commerce at each of those places and requested the Associated Chambers to suggest the names of such representatives for the consideration of Government.

In response to a request from the Associated Chambers to suggest the name of a representative the Committee nominated MR. L. A. HALSALL.

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## WAR RISKS (GOODS) INSURANCE ORDINANCE.

### (1) DECLARATION POLICIES.

(*See Report* 1941, *page* 18.)

It was recorded in the Chamber's Report for 1941 that the Committee in replying to a reference from the Associated Chambes of Commerce of India had stated that although the Governrment of India had previously raised certain objections to the issue of Declaration Policios under the War Risks (Goods) Insurance Ordinance, 1940, they felt that it might be worth the Associated Chambers approaching Government in the matter. The Associated Chambers accordingly addressed the Government of India who, however, in reply stated that the premium rate of two annas per Rs. 100 per month had been fixed on the basis of the War Risks (Goods) Insurance Scheme as it stood at the moment and with due regard to the risks that had to be covered.

In case the principle of allowing declaratory policies were to be accepted the cost of administration would increase enormously and a further increase in the rate of premium might well be the result. In view of the floating nature of the cover at the moment afforded under the Ordinance which included wide areas and permitted fluctuations to be adjusted against each other, many of the advantages of declaratory cover were, in effect, already enjoyed. Further, as the maximum period of insurance was 3 months only, it was considered that no great hardship was involved. For these reasons the Government of India regretted that it was not possible to accept the suggestions of the Associated Chambers.

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## War Risks (Goods) Insurance Ordinance.

### (2) Insurance in Native States and French Territory in India.

Early in the year under review the Committee had under consideration the desirability of provision being made under the War Risks (Goods) Insurance Ordinance for the voluntary insurance by merchants of goods owned by them and situated in Native States or Free French Territory in India.

It was appreciated that compulsory insurance of such goods was for obvious reasons impracticable but the Committee considered that the Government of India should be prepared to accept the premium on such goods and to reimburse the owner in British India on production of satisfactory proof of loss or damage from perils insured against. It was considered that the position would be in some respects analogous to the acceptance by His Majesty's Government War Risks Office of the War Risk on goods carried in Allied steamers when travelling to the United Kingdom.

The Committee were of opinion that it was desirable that the claims of Free French Territory in India to participate in the British Indian scheme should receive special consideration as such territory had to depend largely on the British Empire for its existence particularly in India ; moreover, the insurable goods in such places were in a large proportion the produce of British India, whilst the existence of purely political boundaries should not, in existing circumstances, be permitted to affect the welfare of British subjects trading therein.

It would, obviously, be unsatisfactory for individual States or Free French Territory to introduce their own schemes as the financial resources would in most cases be insufficient to give such schemes stability, particularly as the possibility of a concentrated attack on a relatively small area might occasion heavy losses on

any one State or Colony. Moreover, from the point of view of the Government of India as insurers, the larger the business and the wider the risk was spread, the greater the chances of a satisfactory margin of profit being obtained.

In addition the possibility of extending the above proposal to Marmagoa in Portuguese Territory would also have to be given consideration.

In view of the foregoing, the Committee suggested to the Associated Chambers of Commerce of India that the necessary representations might be addressed to Government on behalf of the constituent Chambers. The Committee were subsequently informed that this had been done.

In April 1942 the Government of India informed the Associated Chambers that the question of admitting Indian States and French India into the scheme of War Risks (Goods) Insurance was under the active consideration of Government. Meanwhile, however, in view of the special circumstances of Cochin Port, the Government of India had amended the War Risks (Goods) Insurance Ordinance, 1940, in order to make goods, owned by persons carrying on the business of selling goods in British India but situated on the State part of the Cochin Port and certain neighbouring areas, compulsorily insurable under the Ordinance.

On the 27th July 1942 His Excellency the Governor-General promulgated an Ordinance (No. XXXVI of 1942) amending the War Risks (Goods) Insurance Ordinance with the object of enabling the Government of India to undertake insurance against war risks of goods situated in such Indian States and French establishments in India as enacted a law requiring sellers of goods in their territories to insure against war risks with the Government of India.

The amending Ordinance further provided that goods insured under the Ordinance would remain covered while in transit from a place in which they were insurable to another such place so long as they remained situated in India. In other words, goods despatched from one place in British India or in the French establishments in India or in an Indian State, which was participating in the scheme, to another such place would not lose cover merely because, in the course of transit, they happened to pass through an Indian State which was not a participating State, provided they did not leave the boundaries of India.

For purposes of record the War Risks (Goods) Insurance Ordinance, 1940, as amended by Ordinance No. XXXVI of 1942 and other amending Ordinances, together with the Rules thereunder, will be printed in the Appendices.

## War Risks (Goods) Insurance Ordinance, 1940.

### (3) Insurability of Goods situated in, but owned outside, British India.

In March 1942 in answer to a question put by the Bombay Insurance Associations as to whether commission agents carrying on business in British India as sellers of goods were in a position to insure goods situated in British India which were in their possession for the purposes of their business, but the property in which vested in a person outside British India, the Government of India stated that if the commission agents were for the time being entitled to sell the goods as agents then they were deemed to be the "owners" of the goods by virtue of the proviso to section 4(1) of the War Risks (Goods) Insurance Ordinance and were not only entitled but obliged to insure the goods. Even if they were not for the time being entitled to sell the goods as agents, they might insure the goods under clause (*a*) of section 5 (1A) if they had an interest in the goods in question arising in the course of their business as sellers of goods, assuming, of course, that the goods themselves were insurable under the Ordinance within the meaning of section 3 of the Ordinance.

As regards the position of despatching agents who were sellers of goods in the ordinary course of their general business, and had an interest in the particular goods despatched by them in the course of that business, such despatching agents, if they "owned" the goods in the sense in which the term "ownership" was defined in section 4 of the Ordinance, (e.g., if they were entitled, either unconditionally or conditionally, to have the property in the goods vested in them or were for the time being entitled to sell the goods as agents) were not only entitled but obliged to insure the goods, provided the goods themselves were insurable under the Ordinance, under section 3 of the Ordinance. If, however, the despatching agents could not be deemed to be the owners within the meaning of section 4, as explained above, they might still insure the goods under clause (*a*) of sub-section (1A) of section 5 provided they had an interest in the goods arising in the course of their business as sellers of goods and provided the goods themselves were insurable under section 3 of the Ordinance.

Regarding banks, the Government of India had the following comments to offer:—In respect of goods imported into British India which had not been taken delivery of by a buyer in British India but which a bank in British India had an interest, under clause (*b*) of sub-section (1) of section 4, any goods should be deemed to be owned by the person who was for the time being entitled either conditionally or unconditionally to have the property in the goods vested in him. As importers were generally

entitled to have the property vested in them as soon as the condition relating to the payment of the cost thereof was fulfilled, they would be deemed to be " owners " of the goods by virtue of clause (*b*) of sub-section (1) of section 4 and if they were persons carrying on business in British India as sellers of goods, and " owned " the goods in the course of that business they would be bound to insure them, assuming, of course, that the goods were insurable under section 3. Likewise the bankers who advanced money on such goods might insure under section 5 (1A) (*b*).

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### War Risks (Goods) Insurance Ordinance.

#### (4) Vessels moored in Roadsteads outside the three-mile limit.

In March 1942 the Associated Chambers of Commerce of India informed the Chamber that the Government of India had intimated to the Calcutta Insurance Association that in the case of vessels moored more than three miles from the coast, as was customary at certain ports such as Tuticorin and Calicut, the Government of India had decided that the roadsteads where the vessels normally anchored could properly be treated as part of the waters of the British Indian ports concerned even though the place of anchorage was beyond three miles from the coast. The goods on such vessels owned by a person carrying on business in British India would therefore be insurable under the War Risks (Goods) Insurance Ordinance.

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### War Risks (Goods) Insurance Ordinance.

#### (5) Arson and Looting as the result of Enemy Action.

Clause (*c*) of section 2 of the War Risks (Goods) Insurance Ordinance defines " war risks " as meaning " such risks arising from . . . . certain war measures taken by or against an enemy . . . . as may be prescribed " ; and Rule 3 of the War Risks (Goods) Insurance Rules prescribes the particular risks deemed to be " war risks " for the purposes of the Ordinance.

Arson and looting following, or as the result of, enemy action or action taken against the enemy did not appear to be covered under Rule 3 and as they were not risks against which ordinary insurance cover was obtainable, the Associated Chambers of Commerce of India in July 1942 urged the Government of India to consider the question of including them within the scope of the War Risks (Goods) Insurance Ordinance and Rules.

A reply was, however, received to the effect that the Government of India regretted their inability to accept the proposal.

WAR RISKS (GOODS) INSURANCE ORDINANCE.

(6) GOODS SEIZED BY THE ENEMY.

In May 1942 the Chamber at the request of the Exchange Banks Association addressed the Associated Chambers of Commerce of India pointing out that the former considered it essential that they should be able to obtain war risk insurance cover against seizure by the enemy of commodities against which they had granted advances. If banks were unable to obtain this form of war risk insurance cover, they would have to consider calling up all the advances they had granted, which would seriously affect the trade of India.

In the meantime the Bengal Chamber had received a communication from the Government of India intimating that it was not possible to cover goods abandoned by owners and goods seized by the enemy, as these were matters which would be settled only after the territory lost had been re-occupied.

As a result of further correspondence which took place between the Bengal Chamber and the Government of India, the latter stated that the question of granting compensation for goods abandoned by owners and goods seized by the enemy would be considered after the war.

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WAR RISKS (GOODS) INSURANCE ORDINANCE.

(7) VALUATION OF BONDED GOODS.

In December 1942, intimation was received from the Government of India, Department of Commerce, to the effect that the amount of duty due on bonded goods should be included in arriving at the value of the goods for purposes of war risks insurance. If after loss or damage by war risks the duties or any part thereof were actually remitted, the compensation payable under the policy would be reduced *pro tanto*.

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WAR RISKS (GOODS) INSURANCE ORDINANCE.

(8) INSURANCE OF COAL.

In May 1942 the Associated Chambers of Commerce of India requested the views of this Chamber on a letter that had been received from the Government of India in which it was stated that representations had been received from certain Chambers of Commerce that coal situated at major ports should be included within the scope of the War Risks (Goods) Insurance Ordinance, 1940, as insurable goods. As it was contrary to the fundamental

principles of the War Risks (Goods) Insurance Scheme to include within its scope stocks of goods in specially selected vulnerable areas, the Government of India regretted that they could not accept the request made by those Chambers, though they were prepared to examine a proposal to include in the scheme all stocks of coal kept above the ground for sale, wherever situated in British India. Government accordingly inquired whether the Chambers would support such a proposal.

The Committee informed the Associated Chambers that they approved the proposal to include in the War Risks (Goods) Insurance Scheme stocks of coal above ground for sale, and were subsequently informed that the Association had addressed the Government of India recommending that steps should be taken immediately to give effect to the proposal that coal above ground for sale, wherever situated, should be brought within the scope of the scheme. The Associated Chambers also raised the question of similar war risks cover being extended to stocks of coal held otherwise than for sale, that is to say, by industrial and other concerns for their own consumption, for example, as a raw material in the case of electric installations, as "bunkers" by shipping companies and as a valuable "mill store" in other cases. In this connection the Associated Chambers referred to a previous letter in which they had raised with Government the question of war risks insurance cover for the large variety of goods, collectively termed "mill stores," excluded from the scope of the insurance scheme by reason of their not being for sale. Government was therefore requested to consider the case of coal stocks not for sale as part of the previous general reference.

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### War Risks Scheme in Malaya.

In view of several requests from members of the Chamber who had insured goods under the Government War Risks Scheme in Malaya, for information as to whom they should forward claims for compensation, the Director-General of Commercial Intelligence and Statistics was asked in February 1942, as to who was the registering authority in India for such claims. He was also asked for similar information regarding registration of losses in Siam, the Dutch East Indies, etc. In reply the Director-General stated that claims against firms or individuals in enemy or enemy-occupied territories were to be registered with his Department, for eventual settlement after the war. All that was required in this connection was the supply of the following information :—

(i) the name and address of the debtor,

(ii) the amount claimed, and

(iii) a brief summary of the circumstances leading to the claim.

Subsequently the Department of Indians Overseas issued the following Press *communique* :—

"It has been represented to the Government of India that Indians who have claims against the Governments of Burma and Malaya for goods supplied to the Civil Departments or Defence Services under those Governments or under their War Risks Insurance Schemes are unable to forward claims to the authorities concerned and that there is no machinery for recording such claims. The Government of India in the Department of Indians Overseas are prepared to record such claims and to forward them to the authorities concerned whenever such a course is possible. Full information about such claims should be communicated to that Department by the claimants. It should, however, be understood that there is no guarantee that the claims can be transmitted to the Governments concerned or will be settled by such Governments until normal conditions are restored and that the Government of India undertake no commitment regarding their settlement."

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## Injury or Damage Caused by Army Drivers when on Duty.

(*See Report* 1941, *page* 46.)

It was recorded in the Chamber's Report for 1941, that the following resolution moved by the Bombay Chamber and seconded by the Bengal Chamber at the annual general meeting of the Associated Chambers of Commerce of India, was adopted unanimously :—

"This Association urges upon the Government of India the necessity for introducing adequate measures to enable the public to recover compensation from the military authorities when accidents are caused by the negligent or improper driving of military drivers in the course of their duty."

Copies of the resolution and of the report of the discussion which preceded its adoption were forwarded to the Government of India and a reply dated 16th March was received from the Government of India, Defence Department (Army Branch) in the following terms :—

"Owing to the present emergency, very large numbers of military drivers are required for enrolment and training and the increase in the number of accidents is thus inevitable. Power has been given to the local military authorities to make *ex gratia* payments of limited amounts in cases of serious hardship, without prejudice to the exemption enjoyed by the Crown in these matters. Although disciplinary control is made as strict as possible, in order to reduce cases of deliberate carelessness in driving to a minimum, the public should be prepared to recognise that certain additional indirect risks and expenses are consequences which all must be prepared to accept as a result of the war. As regards claims for personal injury the interests of poor persons are considered to be adequately safeguarded by the arrangements mentioned above. Government cannot undertake the risk of heavy claims by wealthier people, although such claims will always be considered also on an *ex gratia* basis. In the circumstances, the Government of India do not consider it necessary to introduce any new measures in this behalf."

In forwarding to the Bombay Accident Insurance Association a copy of the above, the Committee stated that they considered the reply to be extremely unsatisfactory and added that if the Association decided to make representations in the matter it could rely on the full support of the Chamber.

The Bombay Accident Insurance Association in reply stated that they agreed that the particulars given by the Chamber disclosed a very unsatisfactory state of affairs. The Association suggested, however, that the Chamber might take the matter up with the appropriate Government Department from the point of view of the general public, apart altogether from any insurance interest. The Association pointed out that the Companies were at the moment covering their insured while driving ambulances and private vehicles used for A.F.I. and A.R.P. purposes although they had no liability to do so and it was only reasonable to suppose that if such cover was withdrawn Government would find it exceedingly difficult to obtain drivers who would accept the personal liability the military authorities sought to place upon them.

In conveying the above information to the Associated Chambers of Commerce of India, the Committee requested the Association to bring the matter to the notice of Government.

The Associated Chambers intimated that while there was a substantial expression of opinion that the above matter should not be allowed to rest with the Government of India's reply, which was regarded as unsatisfactory, the President felt that little purpose was likely to be served by continuing the correspondence until the Association was in a position to quote specific cases in which hardship had been caused by the refusal or reluctance of the Army authorities to pay adequate compensation. The Chambers were accordingly requested to collect suitable material of this kind if such existed and to send it to the Associated Chambers with a view to the submission of a further case to the Government of India, backed by evidential support.

The Bombay Accident Insurance Association was accordingly requested to inform the Chamber of specific cases in which hardship had been caused by the refusal or reluctance of the Army authorities to pay adequate compensation and particulars of such cases as were reported and were regarded as suitable by the Committee were furnished to the Associated Chambers.

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### Requisitioning by Government of Business or Residential Premises.

#### Effect on existing Leases.

In July, 1942, the Bengal Chamber of Commerce addressed the Government of India on the question of the requisitioning of house and business property under Rule 75A of the Defence of India Rules, with particular reference to the effects of the requisitioning order on the lease subsisting between the land-

lord and the tenant of the property. In the Chamber's opinion it was very desirable that the position of the landlord and tenant in such circumstances should be clarified. It appeared from the information available to the Chamber that there was no case law on the subject in India but that legal decisions in the United Kingdom had held that the tenant of the premises requisitioned by Government continued to be liable to pay rent to the landlord and that the tenancy was not determined by the requisitioning order. To get over this position, which was apparently regarded in the United Kingdom as anomalous, it was understood that new legislation in the form of the Landlord and Tenant (Requisitioned Land) Act, 1942, was passed in the United Kingdom. This Act, in the case of certain specified leases conferred (*a*) on the tenant the right, within three months of the requisitioning of the business or residential premsesi concerned, to disclaim his lease by notice of disclaimer and (*b*) on the landlord the right, within one month from the service of such notice, to challenge its validity in Court.

The position in India called for clarification. It was left in its present nebulous state, there was likely to be some hardship and certainly considerable confusion. On the tenant's part, he had usually to look for other premises, business or private as the case might be, and could frequently obtain them only on entering into another lease which might, in turn, run concurrently with or extend beyond his lease of the requistioned premises—particularly as the requisitioning authorities ordinarily reserved the right to terminate their occupancy of the requisitioned premises at any time. Similarly, if the lease was held to continue in operation, the landlord would be bound for the rest of its currency, to a tenant who was not in occupation and might neither be traceable nor amenable to the covenants of the lease. On the other hand, if it was eventually ruled in India that the requisitioning of the premises automatically and arbitrarily terminated the lease, one or both parties to it might suffer : for instance, the tenant might have spent considerable sums in improving and adapting the premises to his own purpose.

It seemed to the Bengal Chamber that, if the position was to be clarified as was certainly desirable in the interests of all concerned, such clarification should take the form of action on the lines of the U.K. Landlord and Tenant (Requisitioned Land) Act, 1942, in so far as it conferred on the tenant the option of disclaiming his lease within a specified period. The Chamber expressed a hope that it would be possible for the Government of India to give this matter early consideration, bearing in mind that any legislation or rules in the matter should be sufficiently retrospective to cover the cases of premises already requisitioned.

In forwarding to this Chamber a copy of the Bengal Chamber's representation the Associated Chambers of Commerce of India enquired whether it supported the recommendations put forward by the Bengal Chamber or had other points to raise.

The Committee replied that they fully supported the recommendations of the Bengal Chamber.

## Rents for Commercial Premises in Bombay.

In January 1942, in response to an enquiry received from the Collector of Bombay in connection with increases in the rents demanded in respect of premises used for commercial purposes and after circularising members, the Committee informed the Collector that the general consensus of opinion was :—

(1) That there had been a considerable increase in rents in respect of premises used for commercial purposes and specially in respect of godowns.

(2) That this increase was unjustifiable.

(3) That the increase in rent was not restricted to any particular locality.

(4) That rents should be restricted with a retrospective effect.

On the 22nd April 1942 the Government of Bombay published an Order under the Defence of India Rules, entitled the Bombay Rent Restriction Order 1942. This Order applied to premises the standard rent of which exceeded Rs. 80 per month but did not exceed Rs. 250 per month in the city of Bombay and such other areas as Government might order by notification.

Subject to the provisions of this Order, where the rent of any premises was increased whether before or after the date of the Order above the standard rent, the amount by which the rent payable exceeded the amount which would have been payable had the increase not been made should, notwithstanding any agreement to the contrary, be irrecoverable. This did not apply to any rent which accrued due before the commencement of the Order to any periodical increment of rent accruing due under any agreement entered into before 1st September 1940 and to rent payable under any lease entered into before 1st September 1940 which had not expired on the said date.

The rent was deemed to be increased in cases where as the result of any alteration in the terms of the tenancy the terms on which any premises were held were on the whole less favourable to the tenant than the previous terms.

The landlord would not be entitled to the recovery of possession of any premises so long as the tenant paid, or was ready and willing to pay rent to the full extent allowable by the Order and performed the other conditions of the tenancy.

The Rent Controller might determine standard rent in cases where any premises were first let after 1st September 1940 and the rent at which they were first let was in the opinion of the Controller excessive; where, by reason of any premises having been let at one time as a whole and at another time in parts, or by reason of a tenant having sub-let a part of any premises let to him, or for any other reason, any difficulty arose in giving effect to the Order: or where in the case of any premises let furnished, it was necessary to distinguish, for the purpose of giving effect to the Order, the amount payable as rent from the amount payable as hire of furniture.

Subsequently, in response to an enquiry from the Government of Bombay the Committee stated that they were in favour of the definition of "premises" being amended so as to include those occupied for business purposes. Government did not, however, take any further action in the matter.

On the 1st May 1942 the Government of Bombay published a further Order entitled the Bombay Storage Accommodation Rent Restriction Order, 1942, which was intended to apply to premises used or intended to be used for the storage of goods and for ancillary purposes and restricted the rent of such premises to the "standard rent," i.e., with certain qualifications, the rent at which the premises were let on the first day of September 1940.

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## Shipping Telegrams.

As all telegrams to countries other than Ceylon, Aden and Egypt and Persian Gulf Ports had to be transmitted by wireless telegraphy, it was not permitted under the Defence of India Rules to send in plain language the name of a ship with particulars of cargo, since this would convey information of value to the enemy.

To allow information to be passed to the United Kingdom to arrive in advance of the vessel concerned a relaxation was made which permitted ships names—so long as the location or movements were not disclosed—to be included in messages by "Airgraph." In May 1942 members were accordingly advised to send general information relating to the cargoes by Airgraph wherever possible, to reduce the very heavy telegraphic traffic.

It was recognised, however, that business firms would require to convey information by telegraph, and wherever possible in such cases members were requested to pass the name of the vessel concerned by reference to the name in previous correspondence or in previous telegrams sent by line telegraphy.

To meet the difficulty of transmitting the names of ships when no "safe" reference was available through previous correspondence as defined above, and particularly in the case of insurance of cargoes a scheme was devised under which it was possible for firms to transmit information regarding cargoes and values of cargo in plain language messages without disclosing the name of the steamer concerned, while the latter was despatched in code by the Chamber in a separate telegram. This facility applied to all countries within the British Empire.

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## Frustrated and Diverted Cargoes.

### Congestion in Bombay Docks.

In view of difficulties that had arisen at the port of Bombay in regard to frustrated cargoes and cargoes destined for Bombay but not discharged there, and to congestion in the Docks, a special meeting of members of the Chamber was held on Saturday, 20th June 1942. A cable was also received from the London Chamber appealing for this Chamber's help in obtaining from the Government of India quick decisions in regard to the requisitioning and disposal of frustrated cargoes. As a result of the discussions at the meeting a letter was addressed to the Member of the Governor General's Council in charge of Communications drawing his urgent attention to the deplorable state of congestion existing in the Port of Bombay.

The Committee pointed out that at a time when a grievous strain was being imposed on the whole of the Allied shipping resources and the quick turn-round of ships was of vital importance to the Allied Nations' cause, in the port of Bombay numbers of vessels were to be found lying idle in the outer harbour for weeks on end owing to the fact that no docking space was available. While the shipyards of the United Kingdom and United States were working continuously to build ships, Bombay kept more perhaps than a month's output of these yards continuously immobilised.

It was fully appreciated that an unprecedented strain had been imposed on the port owing to the closing of Calcutta and Madras, and that some improvement was to be expected with their reopening, but the existing state of affairs had revealed

grave defects in the administration of Bombay as a transportation terminal and the Committee were of opinion that immediate steps should be taken to set matters right.

The Committee stated that among causes contributing to the congestion the following could be numbered.

*Arrival of Frustrated Cargoes.*—A number of ships carrying frustrated cargoes originally consigned to Malaya and the Dutch East Indies had arrived in Bombay. The staff of the Supply Department in Bombay, which was the authority concerned in dealing with the matter, was totally inadequate and cargoes, often of valuable war material, lay neglected in the Port Trust sheds for months.

*Freezing of Goods by Government authorities.*—A number of Government authorities were empowered to freeze cargoes, that is to say, to prevent their removal pending a decision as to whether or not they were required by Government. Often goods remained in the docks for weeks on end (cases were reported for as long as 4 months) awaiting Government decision and the sheds in the Port Trust remained blocked for the entrance of other cargo. Moreover, it frequently occurred that goods were frozen for long periods and then released to the owners, a quite unnecessary congestion having been caused.

*Dilatory methods employed in dealing with Military supplies.*—Inordinate delay occurred in loading and unloading ships which were under military control. The appearance of wharfs and sheds indicated that the numerous appeals for the speedy removal of cargoes had the poorest response from the Military authorities. It was apparently the rule rather than the exception that military stores for loading should arrive in the wrong order, and, in consequence countless wagons were held up in the docks for days on end. The Military authorities had the transport facilities and the power to appropriate land on which to store supplies and they might create their own depot capable of accommodating their "in-transit supplies" within easy reach of the docks, but as it was, the Port of Bombay, all the facilities of which should be concentrated on the rapid inflow and outflow of cargo, was being employed for sorting out the military muddle.

*Diversion of cargoes.*—One remedy that had been applied was in the Committee's view at least as harmful as the disease, and that was the diversion of so-called civilian cargoes to other ports after the military cargo had been unloaded. There was not very much in the way of imports into Bombay at the moment that was not directly or indirectly concerned with military needs even if handled through civilian agencies, and instances could be quoted of urgent war requirements being held up through the diversion of Bombay cargoes elsewhere. Moreover, this arrangement

entirely overlooked the fact that sooner or later this cargo had to be brought back to Bombay by rail, and a further unnecessary burden was added to the internal transport system of the country already severely overstrained. If owing to military needs diversion was essential, it should at least be effected with a minimum of delay, but there were many instances of ships being detained for weeks before being finally despatched elsewhere.

The Committee appreciated that the separate organisations concerned in the working of the port were all doing their best, and remarkable results had been achieved in expanding its handling capacity, but in their view it was the very existence of these separate organisations that was preventing the docks from working to their full potential, owing to the lack of proper coordination. The dangers and defects of divided authority were everywhere recognised, and the Committee urged most strongly the appointment in Bombay of a small executive body with full powers of control over all departments of the port, military as well as civilian, so that the port's facilities might be expanded and employed to the full and Bombay ceased to impose what amounted to an additional tax on the Allied shipping resources.

The Government of India in acknowledging the receipt of the Chamber's letter stated that they had already taken action and deputed one of the officers under the Controller of Supplies, Bombay, to deal with the matter. Such additional staff as was required had been sanctioned and adequate powers had been delegated to the Controller of Supplies and the officer referred to above to enable them to arrange prompt disposal of frustrated cargoes acquired by the Department of Supply.

The Government of India at a later date, in replying more fully to the Chamber's representation, stated that they were aware of the difficulties which arose from the very large concentration of shipping which occurred in May and June resulting in a heavy and unprecedented demand on the facilities available at the Port. Action was taken as early as possible to devise remedies but some of them naturally took time. So far as the facilities for discharge were concerned, two additional berths had since been provided and arrangements were being made to increase the capacity of the port by the use of lighters. As regards the contributory causes of congestion referred to by the Chamber, the Government of India stated :—

*Delay in dealing with frustrated cargoes.*—The Controller of Supplies dealt with frustrated cargo and the Supply Department had placed one Deputy and one Assistant Controller of Supplies solely on work connected with these matters. They had also sanctioned considerable additions to the clerical staff of the Controller of Supplies. Although there had probably been cases

in which stores had not been despatched promptly, this had almost entirely been due to the difficulty of giving despatch instructions to the Controller of Supplies owing to the practice which prevailed of attempting to relate frustrated cargoes acquired by the Department to existing unsatisfied demands from indentors. The Supply Department had since made arrangements for despatch instructions to be issued even where no unsatisfied demand from an indentor existed, to treat such cargo as an independent issue and to order their despatch to some suitable centre.

*Prolonged freezing of goods.*—Controllers of Supplies had, in view of delays which occurred, been instructed to resort to freezing only in the most exceptional cases. The existing policy of the Department of Supply was to insist on the immediate requisitioning or immediate release of frustrated cargo.

*Dilatory methods in dealing with military supplies.*—As soon as it was realised that military imports into Bombay were going to assume very large proportions and might include stores in part not originally intended for India, standing disposal orders were given to Bombay which would enable stores to be cleared to prearranged up-country destinations by major headings without any reference to General Headquarters, and this system, which had then been in force for 5 months, had worked satisfactorily. General Headquarters exercised close supervision over accumulation in transit areas and delay in despatch up-country by means of daily statements of wagon despatches and weekly statements of clearances by ship, and were in daily telephonic communication with the Military authorities, the P.S.T.O. and M.W.T. As regards exports, stores were held in transit depots and as soon as a vessel was fixed for loading, the cargo to be allotted was carefully considered and was then called forward, after consultation with the Sea Transport authorities, from the depots concerned. Rail difficulties had sometimes prevented arrivals in proper sequence, but, in general, good stowage and despatch had been achieved. At no time had countless wagons been held up as alleged in the docks for days on end, and in order further to relieve the pressures on the railways, arrangements had been completed for an intermediate military depot in the Grain Market area.

*Diversion of cargoes.*—It would be appreciated that, with the closure of ports in Burma and the Far East, a serious problem presented itself which could not be solved without causing considerable interference with normal trade channels. The necessity for diversions and consequent inconvenience to merchants was regretted, but much of this was the result of pressing military requirements which Government were not prepared to discuss in detail.

In regard to the Chamber's suggestion that a small executive body should be appointed in Bombay with full powers of control "over all departments of the Port, military as well as civilian," while the Government of India were anxious to see co-ordination improved in every possible way, they did not consider that an executive body such as was suggested was likely to be a better solution than co-ordination between the various authorities at the Port by the Port Trust. Every effort was being made to ensure that port capacity was used and increased to the utmost possible extent and the Government of India expressed a hope that, in these efforts, the Port authority would have the full co-operation of the Bombay Chamber of Commerce.

At the time of writing this Report there was considerable improvement in the congestion at the docks though there was still a certain amount of naval stores lying uncleared for several months in the dock transit sheds.

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### Committee to deal with Frustrated Cargo.

On the entry of Japan into the War a number of steamers with cargoes intended for Far Eastern ports were diverted to Indian ports. A considerable proportion of the cargoes landed in India was requisitioned by the Government of India for the Defence Services, and some was disposed of through Agents who obtained delivery instructions from the consignors concerned. In July 1942 the Chamber was requested by the London Chamber of Commerce to nominate three members to be appointed by His Majesty's Government to serve on a Joint Committee with three representatives of the Netherlands Government, to supervise the disposal of frustrated cargoes lying in the Port of Bombay. The Committee nominated Mr. L. A. Halsall, Mr. A. L. Hutson and Mr. F. E. Nicoll.

Subsequently, by arrangement with His Majesty's Government, all frustrated cargo lying uncleared in the docks was requisitioned by the Government of India. Some of this has been retained by Government for their own use and for the use of the Defence Services and the balance is to be handed over to the Anglo-Dutch Committees for disposal in accordance with instructions issued to them by His Majesty's Government and the Royal Dutch Government in London. The British and Dutch Governments have guaranteed the Government of India against any loss under this scheme.

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### The Merchant Navy Reserve Pool.

### Proposed application of the Essential Work (Merchant Navy) Order, 1941, to India.

In January 1942 the Shipping Master, Bombay, requested the views of the Chamber on the question whether there was

anything in the Essential Work (Merchant Navy) Order, 1941, which could or need be made applicable to India. The main objects of the Order and of the Reserve Pool formed under it were to ensure for officers and seamen :—(*a*) continuity of employment ; (*b*) leave on pay ; (*c*) payment of wages whilst awaiting appointment to a ship ; and (*d*) the building up of a reserve of officers and men available for appointment to ships and for relief duty on ships in port.

The Committee informed the Shipping Master that they did not see that anything would be gained by applying the Order to India in so far as conditions in India were entirely different to those ruling in the United Kingdom. Officers were in practically continuous employment and were working in what might be called "station conditions," whilst in regard to deck, engine and saloon ratings, there were, as a rule, ample men available whose services, so far as was possible, were engaged in rotation.

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DEBTORS WITH ASSETS IN OCCUPIED TERRITORY.

In July 1942 the Government of Bombay requested the views of the Chamber on the question of relief by way of moratorium or otherwise being given to debtors in India whose assets were in territories occupied by the enemy.

The Government of India stated that it had been represented to them that there were a number of persons in India, both among evacuees and others, who, because their assets were, at the moment, mainly in territories under enemy occupation, were unable to face their creditors in India and that the enforcement of the payment of debt by processes of law would in such cases cause undeserved hardship to the debtors. It had therefore been suggested that debtors of this class should be afforded protection either by way of moratorium or otherwise.

The Government of India added that they were not aware whether the number of debtors of this class against whom the processes of law had been or were likely to be invoked was large enough to justify active consideration of this question. In considering matters of relief to such debtors it would also appear to be necessary to guard against the possibility of unfairness or undue hardship to the creditors. The debtors might in many cases not mainly be dependent on their incomes from the enemy occupied territories or even if they were, they might be able to meet their liabilities from their other available assets without sustaining a severe blow.

The Government of India enquired whether the question of granting any relief to these debtors should be pursued and if so, on what lines.

The Committee in reply informed the Government of Bombay that in their view this question could not be settled satisfactorily by a general moratorium and they were opposed to the suggestion. Innumerable complications were bound to arise and considerable hardship would undoubtedly be caused to evacuees themselves through their being unable to collect dues from other evacuees who might be in a position to pay. The Committee suggested that the best way of dealing with the situation would be to set up a special Tribunal to hear appeals. This tribunal should consider these cases entirely on their merits and if they decided that it was equitable they should have the power to suspend the ordinary processes of law and give a moratorium for a specific period.

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## Post-War Reconstruction.

During 1941 the Government of India appointed Reconstruction Committees to consider the problem of the transition from a war-time to a peace-time economy. Five Committees were set up.

1. *The Committee on Labour and Demobilisation.*—This Committee would concern itself with the problem of how without a sudden disbandment of the large mass of technical and other personnel engaged in war production and without the risk of grave unemployment, labour could be delinked from one industry and linked to another.

2. *The Committee on Disposals and Contracts.*—The Committee would deal with the gradual readjustment of industries to peace production and disposal of stocks which for some time even after peace was restored Government must continue to buy from war-time industries in order to give those industries time for adjustment.

3. *The Committee on Public Works and Government Purchases.*—The Committee would consider the expansion of Government public works programmes in order to absorb labour thrown out of war industries.

4. *The Committee on Internal and International Trade Policy and Agricultural Development connected with that Policy.*—This Committee would follow the trend and development of international trade policies almost from week to week even during the war and consider how far India was necessarily linked up in these policies and how far a policy of isolation was either justified or desirable.

All the four Committees consisted of officials and non-officials, and representatives of trade, industry and labour.

5. The fifth was a co-ordinating committee consisting of Secretaries of all the Government Departments, which was intended to co-ordinate the activities of the four other committees.

In addition, the Government of India appointed a Consultative Committee of economists.

In a Press Note issued by the Government of Bombay it was stated that it seemed likely that the Province of Bombay would feel the shock of the change-over from war to peace-time conomy more than the less industrialised Provinces. The cessation of war orders might cause unemployment of labour and the transition to utilising industries employed at the moment on war orders for production for peace purposes might require considerable time and some dislocation of trade and business. In the rural areas of the Province, this might mean an influx of labour from industry, especially from the munitions and ordnance factories, back to the villages, with a resultant surplus of agricultural labour and local distress.

The Government of Bombay decided to invite representatives of the Bombay Chamber of Commerce, the Indian Merchants' Chamber and the Bombay Millowners' Association and of the G.I.P. and B.B. & C.I. Railways, to an informal discussion at which the Commissioner of Labour, the Director of Industries, the Chief Inspector of Factories and other Government officials were present. The Conference was held at the Secretariat on the 10th February 1942 when the Bombay Chamber was represented by the President, MR. J. M. B. GIBBONS.

It was explained that the Government of India was dealing with the main problem of post-war reconstruction and that the more immediate question on which advice was sought was the method of tiding over the possible dislocation of industry and labour during the change from a war-time to a peace industrial economy.

After some discussion it was agreed that Government would invite the opinion of commercial bodies and associations in Bombay and other industrial centres of the Presidency on the need of now considering the short-term post-war problems likely to arise from this change-over and asking for suggestions, and that after receipt of replies Government would, if necessary, convene a further representative discussion.

In replying to a reference from the Government of Bombay on the above, the Committee pointed out that the President of the Chamber had at the meeting expressed the view that there was no point in considering the question at this stage and that, probably, the most useful action that could be taken now would

be for Government to take steps to see that bonuses such as those recently granted to millhands should take the form of deferred payments realisable at the end of the war. This would ensure the labourer means of subsistence during the transitory period from a war to a peace footing, besides doing something to govern the vicious circle of rising prices and higher wages that was so evident at the moment.

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## "Lease and Lend" Purchases.

In April 1942 the Associated Chambers of Commerce of India invited the views of this Chamber on a suggestion that dealers in India representing American firms with whom orders were placed by the Government of India under the Lease-Lend procedure, should be remunerated by the Government of India for services rendered. It appeared that by arrangement with the various purchasing commissions in America such orders were placed by the American Government on the American manufacturers at net prices without allowing the manufacturers the usual margin to cover their dealers in the importing country.

This was understandable in view of the fact that the American Government although having to pay cash to their manufacturers did not receive payment, at any rate in cash, from those countries to whom they were leasing the goods.

America not unnaturally adopted the attitude that the importing countries relieved of the necessity of making big dollar payments, could at any rate remunerate the dealers in their own currency for services rendered.

Recognising this, the British and many other Purchasing Commissions in America had not only recommended to their respective Governments that they should adopt this principle, but after consultation with the American manufacturers involved, had in many cases suggested the percentage on turnover which they considered reasonable remuneration for particular classes of business.

In making specific recommendations in different cases they naturally took into account the nature of the services, e.g., whether these were confined to assisting in compiling orders which in themselves usually implied maintenance of a technical staff and considerable overhead expenses or whether, after sales, services were given in addition.

After addressing members likely to be interested the Committee informed the Associated Chambers that no instances of firms being refused remuneration for specific services performed

had come to their notice and they considered, therefore, that reference to Government was unnecessary, unless it was thought desirable to secure a definite ruling by Government.

In June 1942 a pamphlet was published entitled "Lease-Lend—What It is and How It Works" prepared by Sir T. E. Gregory, D.Sc., Economic Adviser to the Government of India and Mr. M. W. M. Yeatts, C.I.E., I.C.S., Joint Secretary, Supply Department.

A pertinent phrase appearing in this pamphlet read as follows :—

"Lease-Lend is between Governments and must be according to the American Act itself. The articles received must serve the war effort. Consequently no direct individual relationship either of a firm or of a person in India can rise, still less any claim to receive a Lease-Lend material on individual grounds. If a firm or an individual receives Lease-Lend material at all, it is only because its or his activity towards the war effort had been considered as justifying the receipt of that particular article.

Firms may be used as Government agents in the distribution of Lease-Lend material, but in essence their position does not differ from that of an individual and in regard to their handling of all such material they are subject to the direction and control of the Government of India. It is not the intention to crowd out ordinary business agencies and in fact practice is in the other direction, of making the utmost use of them. In the case of many commodities already individual firms are used to handle the distribution side, and thus it is hoped to bring about a position which will reconcile the inevitability of consolidated procurement from America with distribution through former channels within India. This will only apply, of course, in cases where even the civil consumption of a commodity is put under Lease-Lend, but as the production system tightens in America, it will probably come about that even for commercial procurement this difference will arise, i.e., that bulk orders will have to be put on America by the Government and distributed within India through the agency of individual firms."

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## Central Food Advisory Council.

In pursuance of the recommendations made by the Food Production Conference held in April 1942 the Government of India in June 1942 decided to constitute a Central Food Advisory Council whose main functions would be :—(*i*) to pool, study and disseminate all available information ; (*ii*) to plan on an all-India basis the food and fodder production programme for the different regions and to tender advice in regard to its execution ; and (*iii*) to advise the authorities responsible about the equitable distribution of the available food stocks.

It was expected that the Council would ordinarily meet once a quarter. It was proposed to appoint the President of the Associated Chambers of Commerce of India as a member of the Council ex-officio, with the option of sending a representative to any meeting which he could not personally attend. The

President of the Associated Chambers accepted the invitation of the Government of India and at the same time solicited from the Chambers offers of service as delegates, in cases where he could not personally attend any of the quarterly meetings of the Council.

In replying to the Associated Chambers the Committee stated that the President of this Chamber, Mr. J. M. B. GIBBONS, would be pleased to act as delegate at the meetings of the Central Food Advisory Council in place of the President of the Associated Chambers when and if the need arose.

The first meeting of the Central Food Advisory Council was held in New Delhi on the 24th August 1942. The following was the agenda of the meeting :—

1. To review the food situation in 1942-43 and 1943-44 as disclosed by latest forecasts and up-to-date information available regarding the measures so far taken by the Provincial Governments and States to encourage the production of foodstuffs and to make recommendations—

(*a*) how far adjacent areas can adjust their mutual deficit surplus position ;

(*b*) whether it is feasible to prepare a tentative programme for the allocation of wagons and other transport facilities for inter-regional movements of foodstuffs with a view to ensure equitable distribution of food grains, and if so, on what basis and at what intervals such a programme can be prepared by the Council for the advance information of the War Transport Department ; and

(*c*) what steps should be taken to induce the cultivators in the surplus areas to give up hoarding and to sell their produce in the markets freely.

2. To examine how far an advance estimate of the Defence requirements of foodstuffs can be obtained and how far the Defence purchases can be canalised into surplus areas, with a view to clear stocks and relieve pressure on the transport system.

3. To examine whether Provincial Governments can take a rapid census of bullock cart and country boat facilities available in the producing centres and encourage the use of such transport within the Province or State and between neighbouring areas of two Provinces or States.

4. To examine the usefulness of preparing a crop map of each Province and major State indicating the changes in the distribution of acreage between food crops and commercial crops which are being brought about during the war under the pressure of circumstances and to recommend the preparation of such maps by Provinces and States if considered feasible and desirable.

5. To consider the desirability of asking the Provincial and State Governments to urge people in rice-consuming areas to consume less rice and more millets and vegetables, both with a view to tide over the shortage of rice and to popularise a more balanced and nutritious diet.

6. To consider the possibility of encouraging the production of more vegetables, ghee, milk and eggs.

7. To examine the desirability of organising a "Waste no Food" campaign in urban areas and to devise means of enlisting the support of non-official agencies.

8. To consider the steps to be taken to encourage the preservation of manure, such as town refuse and to recommend to Provincial and State Governments the undertaking of schemes for better utilisation of all potential sources of manure and for more extensive use of manure.

9. To examine the extent of culturable waste and old fallow lands which are not cultivated and to recommend to Provincial and State Governments to take special measures to bring such lands under food crops.

10. To recommend to Provincial and State Governments the desirability of setting up village committees consisting of village elders, with a central committee for each district, on the same lines as the County and Rural Committees in Great Britain, with a view to creating machinery which would directly reach the cultivator and enlist non-official support for the " Grow more Food " campaign to the fullest extent possible.

11. To consider the desirability of issuing an order on the lines of the Ceylon Food Production Order (Estates) under which all plantation estates over 35 acres in extent are required to assist on the production of food by placing under food crops a prescribed portion of their cultivated lands.

12. To discuss any other suggestions with a view to making the " Grow more Food " campaign more effective.

The following is a summary of the recommendations made by the Council in respect of each of the above items :—

*Item No.* 1.—The Council were of the opinion that provision of adequate manure was by far the most practicable way of increasing food production of the country. They further recommended that in order to provide inducement to cultivators to increase food production it was essential to inspire confidence in them that a reasonable level of prices would be maintained and it was suggested that this could not be achieved except by a definite announcement of the Government of India that they would purchase specific quantities of foodstuffs at declared prices, if the prices tended to fall below a pre-determined level.

*Item No.* 1 (*a*).—The Council recommended that in order to ensure fair prices and an equitable distribution of the available food supply in the country, a single agency should be set up to purchase the requirements of the military and the deficit areas and that all available supplies of railway wagons should be placed at the disposal of such agency.

*Item No.* 1 (*b*).—The Council recommended that data regarding the quotas of foodstuffs to be moved from one region to another may be compiled at regular intervals for the information of the War Transport Department who should be requested to arrange their wagon allocation programme for inter-regional movement of foodstuffs on the basis of such data.

*Item No.* 1 (*c*).—In the opinion of the Council, price control was necessary in the present circumstances. They, however, recommended the following modifications in the existing scheme of price control with a view to induce the cultivators to give up hoarding and sell freely their produce in the markets :—

(*i*) that the price control should be extended to cover all staple food grains which are competitive, regard being had to their normal price parity ; prices should be flexible and take into account the increased costs of production and other factors which operate on prices so that the producer is given a fair deal ;

(*ii*) that purchase of foodstuffs for the Army and deficit areas should be unified in the hands of a single agency which should have the monopoly of available wagon supplies for the inter-provincial movement of foodstuffs ; and

(*iii*) that control should be extended to retail prices by way of laying down permissible margins in different areas.

*Item No.* 2.—The Council recommended that the Defence Authorities should be requested to examine the feasibility of planning their purchases of foodstuffs for the Army on the following lines :—

(*i*) To distribute their total purchases over a number of surplus regions with a view to relieve local surpluses and reduce pressure on transport ; and

(*ii*) To give preference, in making purchases, to those areas where normal trade and transport facilities are suspended either as a result of defence strategy or because of the vulnerability of the area to enemy action and where there are, therefore, likely to be surpluses.

*Item No.* 3.—The Council recommended that, with a view to meeting the growing transport difficulties, the Provinces and States should be requested to examine the possibility of taking the following steps to organise systematically indigenous means of transport like bullock carts and country boats :—

(*i*) to take a rapid census of country-boat facilities available in each producing area ; and

(*ii*) to build up a reserve pool of country-boats and bullock carts and utilise it for encouraging the movement of foodstuffs within the Province ; and

(*iii*) to organise a point-to-point bullock-cart transport service for facilitating long-distance haulage of foodstuffs by bullock carts.

*Item No.* 4.—The Council recommended that the Provinces and States should be requested to prepare and maintain graphs during the war showing the variations in acreage from year to year of each principal food and fodder crop, taking the average of three pre-war years as the basis.

*Item No.* 5.—The Council recommended :—

(*i*) that in areas where there is shortage of rice, e.g., Bombay, Madras, Travancore and Cochin, the Provincial and State Governments should be requested to urge people to practise economy in its use and consume more millets ; and

(*ii*) that in such areas, the Directors of Agriculture should be asked to undertake propaganda and issue suitable pamphlets in consultation with the nutrition expert to popularise a mixed diet of millets, rice and vegetables, which is admittedly superior in nutritive value to a diet of rice.

*Item No.* 6.—The Council recommended that the Provincial and State Governments should be moved

(*i*) to organise a planned drive to increase the production of vegetables on all spare strips of land, particularly in the vicinity of urban areas, by offering such concessions as supply of water at reduced rates ; free distribution of vegetable seeds and so forth and by making arrangements for their proper disposal ; and

(*ii*) to take steps to ensure an adequate supply of milk in urban areas and also to abolish octroi and other local imposts which impede its free movement into such areas.

*Item No.* 7.—In the opinion of the Council, there is no wastage of food on such a scale as to necessitate the launching of a "No Waste Food" campaign. It was, however, suggested that the Provincial and State Governments might be requested to take steps to minimise the damage to foodstuffs in storage resulting from rats, insects and fungi.

*Item No.* 8.—The Council recommended that a small sub-committee should be appointed to survey all the possible sources of manure and to suggest practical steps to ensure their maximum utilisation, and pending its report the Provincial and State Governments should be requested to encourage composting, to urge all the major municipal and local authorities to convert town refuse into fertilisers and also to undertake the distribution of oilseed cakes amongst the cultivators free of cost or at concessional rates.

*Item No.* 9.—The Council recommended that Provincial and State Governments should be requested to examine the extent of old fallow lands, to investigate the causes of their being abandoned by the cultivators and to take necessary remedial measures and steps for bringing them under cultivation again.

*Item No.* 10.—The Council recommended that the Provincial and State Governments should be requested to set up a non-official machinery like village, tahsil, district and provincial committees, as may be deemed suitable, with a view to enlisting the co-operation of the cultivators in the "Grow More Food" campaign to the fullest extent possible.

*Item No.* 11.—The Council recommended that an inquiry should be made of the plantation estate owners whether and to what extent they have taken special measures to cultivate the waste land within their estates for increasing food production. In the opinion of the Council it was not necessary at this stage to promulgate an Order on the lines of the Ceylon Food Production Order (Estates).

*Item No.* 12.—In view of the large-scale increase in the demand for meat due to the exigencies of war, the Council decided to bring to the notice of the authorities concerned the desirability of prohibiting the slaughter of the following classes of cattle in order to prevent permanent damage to the cattle wealth of the country:—

(*i*) Working bullocks in good state of health below the age of 10 years.

(*ii*) Cows in milk.

(*iii*) Pregnant cows.

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## Civil Supplies.

### Constitution of Food Advisory Council in Bombay.

In October 1942 the Chamber was advised by the Government of Bombay that with the development in recent months in the war situation, it had become necessary to organise the whole field of civil supplies. Consequently it was desirable that the machinery of consultation with the various interests concerned and the general public in the matter of civil supplies and prices should be reorganised.

Government accordingly decided to set up a Food Advisory Council of about 30 members to advise it regarding,

(1) securing sufficient essential supplies for Bombay City.

(2) methods and agencies of distribution of supplies,

(3) control of import and export,

(4) fixing of prices, wholesale and retail and their enforcement,

(5) if needed, the advisability of rationing and methods thereof,

(6) working of Government grain shops, and

(7) prevention of profiteering.

The Council would contain representatives of important trade associations, the general public and labour. Such officials as were likely to assist the Council in its deliberations would also be appointed to it. The Council would meet fortnightly or monthly according to the volume of business to be transacted, and the Adviser (Finance) would be the Chairman of the Council.

On being invited to nominate a representative, the Committee put forward the name of the President, MR. J. M. B. GIBBONS.

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## SHORTAGE OF WHEAT IN BOMBAY.

In October 1942 the Committee of the Chamber addressed the Government of India, Commerce Department, in connection with the shortage of wheat in Bombay. The Committee pointed out that owing to the shortage of rice and other grains, wheat and wheat products now played a vital part in the feeding of the population, and a prospect of a shortage of wheat could only be viewed with the gravest apprehension. In the coming two months or so, that was to say, until the new season's crops of rice and other grains were ready, wheat was the only grain that could be made available to supplement the readily dwindling supplies of normal foodstuffs. Consumption of wheat products had increased very largely recently and wheat stocks at the moment in Bombay were sufficient only for less than a month at the existing rate of consumption. It was a matter of serious concern, therefore, that the issue of quota for the October-December period was still held up. From the time of receipt of the quota no shorter period than a month was required for the arrival of fresh supplies in Bombay, and this delay on the part of the Government of India might lead to a definite failure of food supplies, the consequences of which it was not difficult to envisage.

It was most strongly urged therefore that the issue of quota should be made forthwith, and that supplies of wheat should be made freely available at once in order to tide over the danger period during the ensuing two months. Once this period was past and supplies of other grains began to reach the consumer then the supply of wheat might be safely reduced.

It was also urged most strongly that the distribution of permits should be left to the Provincial Government. The Committee were informed that one reason for the existing scarcity of wheat in Bombay lay in the fact that an appreciable quantity of the July-September quota remained unfulfilled owing to quota having been distributed by the Government of India to speculators, who were holding up supplies, instead of to genuine merchants who had been co-operating fully with the Provincial Government.

In conclusion the Committee stressed the urgency of this matter. A shortage of food was bound to dislocate industry in Bombay, and might lead to riots and disorders of a most serious nature, and it was felt that only by prompt action on the lines suggested above could this danger be averted.

In acknowledging the Chamber's communication, the Wheat Commissioner produced figures which showed that for the period from May to October 1942 permits had been issued for the import of wheat and wheat products into Bombay to the extent of 93,335 tons wheat and 4,750 tons of wheat products against Bombay's revised annual quota of 138,500 tons of wheat and 19,000 tons of wheat products. The Wheat Commissioner explained that owing to the extremely difficult wheat supply position, it would not be possible to grant further permits in favour of Bombay for the present but, the Government of India had under consideration a scheme for the co-ordinated purchase of wheat and when the scheme was put into force due consideration would be given to Bombay's future requirements.

During November the following Press Note was issued by the Government of Bombay :—

" Under arrangements made by the Wheat Commissioner for India with the Railway Board, deliveries of wheat and wheat products covered by export permits issued by the Wheat Commissioner will be given to the consignees or their agents in Bombay City and the Bombay Suburban District only after the railway receipts are duly endorsed by an officer authorised by Government for this purpose. The Government of Bombay has authorised Mr. J. K. Thakore, B.A., LL.B., Assistant Secretary to the Government of Bombay, Finance Department (Supply), and Assistant Director of Civil Supplies (General), to endorse railway receipts in regard to consignments of wheat and wheat products received in Bombay City and the Bombay Suburban District by rail."

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## Price Control and Profiteering.

In December 1941 the Madras Chamber in addressing the Associated Chambers of Commerce of India quoted a specific instance of profiteering in Madras by certain holders of stocks of galvanized iron wire and stated that it was considered that market conditions generally were such as to warrant the

Government of India taking drastic steps to control prices of not only foodstuffs which could perhaps be best dealt with on a provincial basis, but of iron, steel and hardware generally, yarn, dyes, chemicals and other products which could only be dealt with on an all-India basis.

The Associated Chambers requested the views of this Chamber on the points raised and in particular asked for details of the action taken by the Provincial Government in the matter of price control and the experience of the Chamber as to the efficacy or otherwise of such action.

The Committee in reply stated that at the present time gross profiteering was almost universal amongst small merchants and up to the moment the Provincial Government appeared to have done little, if anything, to prevent it. A Price Controller had, however, recently been appointed and an Advisory Committee was being set up, drawn from all classes and communities but, how effective this action was likely to be, it was impossible to say.

The Committee added that they strongly supported the Madras Chamber's request that representations should be made to the Central Government, and in view of the prevailing market conditions, urged that the Government of India should take drastic steps to control prices of all commodities, which could be dealt with on an all-India basis.

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## Control of Prices in Bombay.

### Consumers' Advisory Committee.

In January 1942, in response to an invitation from the Government of Bombay, the Committee submitted the names of one employee of the Chamber and two employees of members for selection to a consumers' Committee which it was proposed to appoint with a view to associate middle and lower middle classes with the price control activities of Government. From among the names submitted by the Chamber the Government of Bombay selected only one employee to serve on the Consumers' Advisory Committee.

The functions of this Committee were :—

(1) to bring to the notice of the Controller of Prices, Bombay, and Government cases where the official reports of wholesale and retail prices which will be supplied to them do not agree with those actually charged in the bazaar ;

(2) to indicate any cases where the retail price of any essential article is causing particular hardship to lower middle class and labour consumers.

The Committee will meet the Controller of Prices, Bombay, in his office in the Secretariat, once a week and acquaint him with information about price movements gathered by themselves or brought to their notice by their fellow employees.

The Advisory Committee were not required to suggest what were fair prices and what should be the proper standard of living among the lower middle classes. Recommendations for a dearness allowance or an increase in salaries and wages were outside its scope.

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## VISIT TO THE CHAMBER OF MR. J. F. SHEEHY.

(*See Reports* 1939, *page* 11 ; 190, *page* 12 ; 1941, *page* 7.)

MR. J. F. SHEEHY, C.S.I., I.C.S., Member, Central Board of Revenue, accompanied by MR. C. W. AYERS, C.I.E., Excess Profits Tax Adviser to the Government of India and MR. J. B. SHEARER, I.C.S., Commissioner of Income-tax, Bombay, visited the Chamber on Tuesday, 18th August 1942, and discussed the following points with the General Committee and the Income-tax Sub-Committee.

### I. INCOME-TAX AND SUPER-TAX.

1. *Provident Fund—Income-tax on Provident Funds* (*sections* 15 (3) *and* 58*F*).—Mr. Sheehy was informed that the Chamber had received no reply to its letter No. 951/93D of the 9th May 1942. The Chamber saw no reason,

(1) why a recognised provident fund should not be in exactly the same position for income-tax purposes as a provident fund governed by the Provident Funds Act, and

(2) why gratuities paid to employees otherwise than for compensation for loss of employment should not be placed in the same position as gratuities paid to railway employees. It was brought to notice that a case had occurred in which a gratuity paid to a widow had not been allowed as a deduction in the computation of a company's profits. There seemed to be no reason for any distinction between the position in this respect of a gratuity paid to a widow and the gratuity paid to an ex-employee.

In regard to (1) Mr. Sheehy said that the position of Government Provident Funds must have been present in the minds of the representatives of the mercantile community in the Assembly at the time when the Income-tax Act was amended, as they were largely responsible for the Chapter dealing with Provident Funds. It would require legislation to make any alterations and he was not prepared to promote such legislation. This distinction had existed for many years and no one had made any complaint until now. It was pointed out to Mr. Sheehy, however, that the principal

hardship did not arise until 1939 when a limitation of Rs. 6,000 was placed on the total relief that could be given for recognised provident funds and insurance combined.

In regard to (2) Mr. Sheehy said that any alteration would require legislation which he was not prepared to sponsor. As regards the actual case quoted Mr. Sheehy considered it should have been taken to appeal.

2. *Rates of Depreciation allowed on ocean-going steamers.*—Mr. Sheehy was informed that the Chamber had not received a reply to its letter of the 5th June 1942 inquiring whether the rules in regard to the rates of depreciation to be allowed on ocean-going steamers had been published in their final form, and in particular whether the rate of depreciation allowed had been increased from 5 per cent. to 6 per cent. per annum with effect from 1st September 1939.

Mr. Sheehy said that the rate of depreciation had been raised from 5 per cent. to 6¼ per cent. with effect from the beginning of the war and a Notification would appear in the next issue of the *Gazette of India*, if it had not, in fact, appeared already.

3. *Super-tax—Exemption.*—It was submitted that all companies should obtain relief as against super-tax on dividends received from companies to the extent to which such dividends were paid out of profits subjected to super-tax.

Mr. Sheehy said that this proposal had been turned down by the Income-tax Enquiry Committee. The Chamber could, if it so wished, put up a case to the Finance Department but he could not hold out much hope of its obtaining satisfaction. The Central Board of Revenue had in fact given a concession to Investment Trust Companies but they could not go any further.

4. *Obsolescence on motor vehicles and furniture.*—It was requested that the Income-tax Officers' attention should be directed to the Central Board's instruction that obsolescence is allowable on motor vehicles and furniture. All did not appear to be acting on it.

Mr. Sheehy stated that obsolescence was allowable on motor vehicles under the Act. It was also given on furniture by way of a concession (although a profit on its sale could not be taxed). He could not circularise all Income-tax Officers merely because some might not be giving effect to the instructions of the Central Board of Revenue, but if any such case occurred, it should be reported to the Commissioner of Income-tax.

5. *Income-tax Tribunal.*—It was submitted—(*a*) that it should be competent to file an appeal in the Headquarters of the

Tribunal in the Province from which the appeal arose, and (*b*) that judgments of the Tribunal on points of law, procedure or practice should be made available, figures being omitted.

In regard to (*a*) Mr. Sheehy pointed out that the Tribunal was no longer under the Central Board of Revenue and it would be best for the Chamber to take the matter up with the President of the Tribunal or with the Legislative Department.

In regard to (*b*), Mr. Ayers said that the point had arisen in the United Kingdom in connection with the decisions of the Special Commissioners but it was found that it was impossible to publish them. All that was done was that occasionally a practitioner would write to the professional papers as to the result on any point.

It was pointed out, however, that where cases had already been decided, the Tribunal waved aside all argument by saying that the point had already been decided, and the assessee was at the disadvantage of not knowing how the case had been argued or whether the facts were similar. Mr. Sheehy did not think it would be possible to go to the expense of publishing all the judgments of the Tribunal, many of which were on small points of fact, but he agreed that the assessee suffered hardship in such cases as those mentioned. It was suggested to him that the Income-tax Officer might inform the assessee in advance of the decision of the case on which he was relying. Mr. Sheehy said that the best method of approach would be to take the matter up with the Legislative Department.

6. *Bad Debts.*—It was submitted that the following words should be deleted from section 10 (2) (xi)—" but not exceeding the amount actually written off as irrecoverable in the books of the assessee."

Mr. Sheehy's view was that in ordinary cases the words in question were necessary. With regard to debts due from debtors in occupied countries, Mr. Ayers said that the words in question had now no effect since the question of their being allowed was to be decided only after the war. The tax on the amount of profits equivalent to such debts would be assessed, but not collected until the end of the war, when the situation would be examined and the actual amount proving bad would be allowed in the year in which it proved to have been bad, irrespective of whether it was written off in that particular year or later.

7. *Section* 18 (3*A*).—It was suggested to Mr. Sheehy that where there was an honest difference of opinion as to whether there was a sum chargeable and therefore whether income-tax was deductible, procedure should be allowed for an immediate

appeal. It was explained to Mr. Sheehy that persons who had been legally advised that a particular sum paid was not a "sum chargeable to tax" had been served by Income-tax Officers with a notice, treating them as assessees in default and threatening the imposition of a penalty. In such cases it had been contended that they were entitled to appeal under section 30 as being assessees denying liability but that this view was not accepted by Appellate Assistant Commissioners, who declined to give a hearing under section 31. If the contention was correct that such persons could appeal, then instructions should be issued and a Form of Appeal laid down. If this contention was wrong, then the position was most unfair to such persons as it left them no legal remedy except in each case to go to the High Court and even that, looking to section 67, might not be available. Mr. Sheehy suggested this might be taken up through the Commissioner. It was pointed out that this had been done recently in two cases, that in one the Central Board of Revenue had agreed the sum was not chargeable and that in the other they did not so agree. Mr. Sheehy suggested that this should be put up to him as a legal difficulty and he would get the advice of the Legal Department thereon.

8. *War-time Procedure and Practice.*—It was suggested that where the requirements of forms or procedure could not be complied with owing to war conditions, the Tax Authorities should have the widest powers to direct that there should be completion of forms and compliance with procedure only to the extent possible.

Mr. Sheehy said that a Central Board of Revenue circular was issued on the 3rd of September 1941, that Rules 3 and 6 were to be relaxed during the period of the war, in respect of partners who were on active service, or who were out of India and could not easily be communicated with. He could not issue a circular to deal with every case that might arise but he suggested that any case not covered by the circular should be put up to the Board.

9. *Burma Income-tax.*—Mr. Sheehy was asked whether and, if so, what arrangements had been made regarding refunds of and assessments to Burma tax.

Mr. Sheehy said that the Burma Income-tax Office was functioning in Simla on the lower floor of Army Headquarters Building, Simla, and correspondence should be addressed there to the Commissioner. The Burma Government had no power, however, to collect income-tax in India, though they could, if they wished, make refunds. Mr. Sheehy said that the Government of India were paying their share of the refund in cases of double assessment.

10. *Delays in making assessments.*—Mr. Sheehy said that he presumed that the complaint had reference to the Companies Circle. He stated that whereas last year there were only four Income-tax Officers, there were now nine, and he thought that these would soon dispose of the arrears.

## II. Excess Profits Tax.

1. *Rule 7 (2) of Schedule I.*—It was pointed out that this rule worked a distinct hardship in the case of a private company; for instance, where a director owns more than 5 per cent. of the capital and is a whole-time employee. The safeguard which was designed to be given by this rule was now covered by other rules, particularly Rule 12.

Mr. Ayers said that he preferred not to be restricted to one safeguard and the position was that although a director might own more than 5 per cent. of the capital the rule would apply only in the case of director-controlled companies in which case the directors as a body including the director in question would hold more than 50 per cent. of the shares and would regulate their own remuneration. He did not think there was any hardship.

2. *Double excess profits tax on dividends received by investment companies.*—Mr. Ayers was asked as to what was the attitude of the Central Board of Revenue on this point.

Mr. Ayers said that rules had been drafted as provided for by Rule 27 (2) and would, he hoped, be published shortly. In the meantime assessments on investment companies were being held up. The Board would be glad to receive any suggestions for the framing of the rules.

3. *Rule 8 of Schedule I.*—It was considered that the rule should not be applied in cases of *bona fide* changes in managing agency agreements, which were made, either for the purpose of conforming to the Companies Act, or, in cases of renewals of managing agency agreements, which were made because of the Companies Act.

It was also submitted that the words "subjected to Excess Profits Tax" should be construed as meaning taken into computation for the purpose of assessment to excess profits tax.

Mr. Ayers said there would be no disallowance under the rule without previous reference to himself and that he was making a close study of the effect of the rule in practice.

4. *Applications under section 26.*—It was presumed that in considering applications under section 26 the following points would be admitted as requiring consideration :—

(*a*) that the old established businesses should not be treated worse than new businesses,

(*b*) that differential risks as between different types of business should not be ignored,

(*c*) that adequate allowance for results of improved management or enterprise subsequent to the standard period should be made.

With regard to (*b*) Mr. Sheehy said that the point had been accepted and the Board were in fact taking it into consideration.

With regard to (*a*) Mr. Sheehy said that the Act definitely made a distinction between the method of treatment of old businesses and new businesses and the Board could not interfere with this.

With regard to (*c*) this was entirely outside the scheme of the Act which gave them power to deal with the standard period only. The suggestion related to the chargeable accounting period.

It was pointed out that at a conference at which the Finance Member, the Commerce Member and the Supply Member were present, it had been agreed that a reasonable allowance would be given and in view of the terms of the English Act it was assumed that this would be 6 to 8 per cent. Mr. Sheehy replied that nothing had been done to fetter the discretion of the Central Board of Revenue in dealing with applications under section 26 and he thought that the proper course would be for the trade to persuade the Supply Department to pay a higher price for the goods which they purchased. His duty was only to administer the law as it stood. Mr. Sheehy added that he could not discuss on such an occasion the manner in which the Central Board of Revenue might exercise its discretion in individual cases.

5. *Relief in respect of income assessed both in British India and Indian States which do not impose Excess Profits Tax.*—It was suggested that the assessee should be regarded as having paid income-tax and super-tax in British India on the assessable profit before the allowance of Excess Profits Tax.

It was pointed out that a number of Indian States were disallowing Indian Excess Profits Tax in arriving at the assessable income, and that the States were in this way benefiting by the British India Excess Profits Tax. The Chamber's suggestion would leave such States in the same position that they would have been in if Excess Profits Tax had never been introduced in British India and they would have no ground of complaint over that. With regard to British India, the effect would be that a certain amount of relief would in fact be given out of Excess Profits Tax. Mr. Sheehy requested that the names of the States concerned should be sent to him together with any detailed suggestion and he would consider what could be done to mitigate the hardship in question. The matter had already come under consideration in connection with Burma.

## INCOME-TAX.

### (1) Allowance of Taxes or Royalties paid to Provincial Governments or Local Authorities.

At the annual meeting of the Associated Chambers of Commerce of India held at Calcutta on the 16th December 1940, the following resolution moved by the Bengal Chamber and seconded by the Bombay Chamber was adopted unanimously :—

"Being convinced that all taxes and royalties however calculated, payable to Provincial Governments or Local Authorities, are in fact 'expended wholly for the purpose of the business,' this Association urges that these should be allowable as a business expenditure, and therefore urges that section 10 (4) of the Indian Income Tax Act should be suitably amended."

The terms of the resolution and the report of the discussion which preceded its adoption were duly communicated to the Government of India who, however, took no action. A similar resolution was accordingly moved by the Bengal Chamber, seconded by the Bombay Chamber, and adopted unanimously at the annual meeting of the Associated Chambers held on the 15th December 1941 and again communicated to the Government of India, who replied that after fully considering the matter they did not see their way to amend the Indian Income-tax Act, XI of 1922, in the direction suggested in the resolution.

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## INCOME-TAX.

### (2) Appellate Tribunal—Filing of Appeals and Publication of Decisions.

In July 1942 the Associated Chambers of Commerce of India enquired whether this Chamber approved of a letter being addressed to the President of the Income-tax Appellate Tribunal in connection with certain aspects of the procedure applicable in cases which came before the Tribunal. The Associated Chambers proposed to place before the President of the Tribunal the following points and suggestions which it was submitted would simplify the procedure to the benefit of assessees and be in keeping with the objects and intentions underlying the establishment of the Appellate Tribunal :—

(1) *Filing of appeals.*—Under the existing regulations, appeals must be filed with the Tribunal in New Delhi, which meant that sufficient time by post must be allowed for the appeal to reach there within the period of limitation. The present cumbersome method of depositing the Statutory fee at a Treasury—itself a difficult matter, particularly in the case of an assessee at a distance from a Treasury—and the existing delay and uncertainty of the mails combined substantially to reduce

the period allowed to the assessee for the filing of his appeal which, though despatched by post in reasonable time, might in fact be received in New Delhi out of time. Moreover, the procedure placed at a distinct disadvantage those assessees who were far removed from the Headquarters of the Tribunal. The Associated Chambers considered that arrangements should be made to permit of appeals being filed with the local Branch of the Tribunal.

If this suggestion was adopted, a further point would arise. At present local Benches were usually in charge of a Head Clerk, who was not in a position to accept responsibility. It would be necessary to appoint a responsible local officer to receive appeals ; to state whether an appeal was admitted or rejected as being defective ; to discuss any question arising in connection with the appeal ; to deal with matters such as the fixing of dates for important cases where counsel was engaged, and to consider request for adjournments.

(2) *Decisions of the Tribunal.*—It was essential in the opinion of the Associated Chambers that means should be devised of making known to the public the decisions of the Tribunal in the several cases coming before it. The Tribunal was apparently following the practice of the Law Courts by adopting previous decisions of the Tribunal, even though of another Bench, as a precedent. At the moment these decisions were made available to the Income-tax Department but were quite unknown to assessees. Consequently, when an appeal was argued, the Income tax Department's representative was in a position to refer the Bench to a previous decision and to discuss the details of that decision ; but the assessee was unable to meet the arguments as he was not aware of the other case and the Tribunal's decision on it. It was considered that if the Tribunal was to feel in any way bound by previous decision of any of its Benches, to which the Income-tax Department had access, such decisions should be available also to the public. This could be done by permitting law reporters to attend proceedings and to publish decided cases as was done in the courts.

The Committee informed the Associated Chambers that they were in favour of the Tribunal being addressed as suggested above.

The Committee also discussed the questions with Mr. J. F. Sheehy, Member, Central Board of Revenue, and Mr. C. W. Ayers, Excess Profits Tax Adviser to the Government of India when they visited the Chamber in August 1942, who suggested that the best method of approach would be for the Chamber to take the matter up with the President of the Tribunal or with the Legislative Department.

## INCOME-TAX.

### (3) Appellate Tribunal—Accountant Members.

In November 1942 the Punjab Chamber drew the attention of the Associated Chambers of Commerce of India to the fact that the post of Accountant Member of the new bench of the Income-tax Tribunal constituted at Allahabad in July 1942 had been filled by the appointment of an Assistant Commissioner of Income-tax, who was understood to be on leave pending retirement.

The Punjab Chamber pointed out that while there was no doubt that the appointment was clearly covered by the proviso to section 5A(3) of the Income-tax Act and while reference to the official reports of the Assembly Debates on the subject indicated definitely that such appointments were contemplated at the time when the proviso was accepted by the Legislature, the Punjab Chamber were of the opinion that the appointment of a non-qualified person as Accountant Member created a precedent, and if the occasion were allowed to pass without a protest or comment of any sort it might result in similar future appointments being made which would have the effect of depriving the tax-paying public of the benefit of having, as Accountant Members of benches of Income-tax Tribunal, persons of the wider accountancy experience and of the unbiased attitude which could clearly be expected from reliable professional accountants holding such posts.

The Punjab Chamber added that it was their understanding that the Allahabad Bench was constituted as a temporary measure for six months in the first instance and in these circumstances it was appreciated that there would probably have been difficulty in finding a suitable professional accountant who would have been willing to give up his private practice or previous appointment under those conditions. As, however, the Delhi Bench of the Tribunal had been transferred to Bombay it might be assumed that the Allahabad Bench would be constituted as a permanency. It was therefore suggested to the Associated Chambers by the Punjab Chamber that they should approach the Government of India immediately so as to ensure that when the appointment of the present Accountant-Member expired in January 1943, it was not renewed and that steps should be taken to secure the services of a suitable professional accountant to fill the post.

The Committee were in agreement with the views put forward by the Punjab Chamber and supported the suggestion that the Associated Chambers should approach the Government of India in the matter.

The Government of India was accordingly addressed in the above terms by the Associated Chambers, which strongly emphasised that the primary obligation under the Act was the selection of an accountant member who in terms of the substantial provisions of section 5A(3) " shall be a person who has, for a period of not less than six years practised professionally as a registered accountant . . . " and that the particular appointment referred to above should not be allowed to create a precedent which might operate to deprive the tax paying public of the benefit of having as Accountant Members of the benches of the Tribunal persons of the professional experience which the Act ordinarily and primarily contemplated.

## INCOME-TAX.

### (3) Appeals against deductions under Section 18(3A) of the Act.

When Mr. J. F. Sheehy, Member, Central Board of Revenue, visited the Chamber on the 18th August 1942, it was suggested to him that where there was an honest difference of opinion as to whether there was a sum chargeable and therefore whether income-tax was deductible, procedure should be allowed for an immediate appeal. It was explained to Mr. Sheehy that persons who had been legally advised that a particular sum paid was not a " sum chargeable to tax " had been served by Income-tax Officers with a notice, treating them as assessees in default and threatening the imposition of a penalty. In such cases it had been contended that they were entitled to appeal under section 30 as being assessees denying liability but that this view was not accepted by Appellate Assistant Commissioners, who declined to give a hearing under section 31. If the contention was correct that such persons could appeal, then instructions should be issued and a Form of Appeal laid down. If this contention was wrong then the position was most unfair to such persons as it left them no legal remedy except in each case to go to the High Court and even that, looking to section 67, might not be available. Mr. Sheehy suggested this might be taken up through the Commissioner. It was pointed out that this had been done recently in two cases, that in one the Central Board of Revenue had agreed the sum was not chargeable and that in the other they did not so agree. Mr. Sheehy suggested that this should be put up to him as a legal difficulty and he would get the advice of the Legal Department thereon.

In a subsequent advice received from the Central Board of Revenue, during November 1942, it was laid down that as the law stood a person denying his liability to deduct tax under section 18(3A) was not entitled to any appeal under section 30 of the Income-tax Act. It was explained that the words " denying his liability to be assessed under this Act " appearing in section

30 could not be taken as conferring any such right as the person concerned was not assessed at all. Under section 18(7) of the Act he was only treated to be an " assessee in default " to enable recovery of tax being effected in the manner laid down in Chapter VI of the Act. The right to appeal must arise from the clear words of the statute and could not be assumed as a matter of course.

The Committee were not satisfied with the foregoing explanation. The position that an Income-tax Officer, by saying that a sum was a sum chargeable to tax, could wrongly treat a person as an assessee in default, collect the tax and impose a penalty without such person having any right to test the correctness of the Income-tax Officer's view, was, in the opinion of the Committee, a most unsatisfactory one. They therefore decided to refer the matter to the European Group in the Centre, and requested the Group to approach Government officially, and obtain a reply as to whether Government were prepared to undertake legislation either by an Ordinance, or at the next session, to give a right of appeal. In the event of the Group receiving a negative reply, the Committee requested them to sponsor the necessary amendment to the section of the Act.

The Group replied that the Member, Central Board of Revenue, had been consulted and he had stated that he did not think the point to be of any great importance. So far as he was aware, the law in the matter as it stood at the moment had worked satisfactorily and he only proposed to consider the point when it was found necessary to introduce an amending Bill.

The Committee decided, however, to promote a non-official Bill to amend the section of the Act in question and it was arranged that the Hon'ble Mr. R. H. Parker, the Chamber's representative in the Council of State, should introduce it in that body.

## INCOME-TAX.

### (4) Trade Marks Registration Costs.

In November 1942 the Chamber enquired of the Central Board of Revenue whether the Board would allow the costs of deposit and registration of trade marks as an expense in the computation of profits for the purpose of Income-tax. The Committee pointed out to the Board that in the United Kingdom the expenses in connection with the renewal of trade marks had been allowed since 1934 under executive instructions of the Inland Board of Revenue (*vide* Murray and Carter, page 491).

## INCOME-TAX.

### (5) Section 14 of the Act.

In December 1941 the Madras Chamber of Commerce drew the attention of the Associated Chambers of Commerce of India to section 14 of the Indian Income-tax Act as amended by

clause 8 of the Income-tax (Amendment) Act, 1941, and stated that it would appear desirable in order to avoid difficulties which might arise on account of the differing views and interpretations of Income-tax Officers in the application of this amended section that the full implications of its wording should be made clear and the wording modified if necessary.

Section 14 of the Income-tax Act as amended by Clause 8 of the Income-tax (Amendment) Act 1941 reads as follows :—

*Exemptions of a general nature.*—14 (1). The tax shall not be payable by an assessee in respect of any sum which he receives as a member of a Hindu undivided family.

(2) The tax shall not be payable by an assessee :

(*a*) if a partner of an unregistered firm, in respect of any portion of his share in the profits and gains of the firm computed in the manner laid down in clause (*b*) of sub-section (1) of section 16 on which the tax has already been paid by the firm ; or

(*b*) if a member of an association of persons other than a Hindu undivided family, a company or a firm, in respect of any portion of the amount which he is entitled to receive from the association on which the tax has already been paid by the association ; or

(*c*) in respect of any income, profits or gains accruing or arising to him within an Indian State, unless such income, profits or gains are received or deemed to be received in or are brought into British India in the previous year by or on behalf of the assessee, or are assessable under section 42.

The Madras Chamber had in view cases such as the following which were cited by one of the bodies affiliated to that Chamber :—

(*a*) A planter in one of the Native States shipped his produce to the U.S.A. and for value of shipment he negotiated his draft through an Exchange Bank in British India. Did this action constitute receipt of proceeds in British India by or on behalf of the planter, and did it make the planter liable to British India income-tax on the profits therefrom ?

(*b*) The same planter shipped his produce to the U.S.A. and his Agent in the U.S.A. sold the produce shipped and remitted the sale proceeds to the credit of the account of the planter with a Bank in British India and the planter drew on this account to meet his estate's financial requirements.

The Madras Chamber considered that apart from the unfairness involved in attempts to tax income obviously not received and which did not accrue or arise in British India, the result of such attempts would be to divert business from British India Exchange Banks, as presumably firms concerned would arrange that the income would not be brought into British India.

The Madras Chamber accordingly suggested that the Associated Chambers should refer the matter to its constituent bodies, and if they had any doubt as to whether income described above could be taxed or not, they should request the Central Board of Revenue for a clear ruling on the point raised above.

The Committee in reply informed the Associated Chambers that in their opinion the amendment affected only those incomes chargeable under 4 (1) (*b*) (*ii*) and the words " unless received or deemed to be received " had precisely the same meaning as the same words in 4 (1) (*a*). Chargeability in the case cited remained exactly where it did and rested as before upon consideration for the question as to whether negotiation of a bill by the non-resident's banker in British India constituted receipt of income within the meaning of 4 (1) (*a*). The Amendment (as such) was clear and required no clarification. There was no question to put.

The President of the Associated Chambers agreed with the view put forward by this Chamber and in informing the Madras Chamber to this effect stated that while there might be cases in which the application of the amended provision of section 14 of the Act presented some difficulty, these cases and the difficulties arising out of them were not matters for reference to the Board of Revenue but for decision in each individual case, if necessary with recourse to the appeal provisions of the Act.

As the question mainly affected the Exchange Banks, the Madras Chamber decided to leave the matter in the hands of its banking members to make their representations direct.

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## INCOME-TAX.

### (6) Distinction between Government and Commercial Provident Funds.

On the 21st March 1942 the Finance Department of the Government of India published the following draft of certain rules which it was proposed to make under the Indian Income-tax Act, 1922 :—

After Rule 14 of the Indian Income-tax (Provident Funds Relief) Rules the following rules shall be added, namely :—

15 (1). For the purpose of clause (*a*) of section 58D the employer's aggregate contribution in any year, including the normal contribution, to the individual account of any one employee whose salary does not exceed five hundred rupees per mensem shall not exceed double the amount of the contribution of the employee in that year.

(2). The amount of periodical bonuses and other contributions of a contingent nature which may be credited by an employer in any year under clause (*b*) of section 58D to the individual account of any one employee shall not exceed the amount of the contribution of the employee in that year.

The Committee telegraphed to the Central Board of Revenue stating that they objected to the proposals pending a comparison of the privileges of employees of railways and similar bodies affected by the provisions of the Provident Fund Act, 1925, with employees of commercial firms.

The Committee subsequently drew the attention of the Central Board of Revenue to the following points :—

1. The employer's contributions to a fund registered under the Act of 1929 were included for the purpose of computing the limitation of one-sixth of the total income exempted which was prescribed by section 15 (3) whereas the employer's contributions to a fund registered under the Act of 1925 were not so included and these were unlimited.

2. A gratuity to an employee was tax-free only if paid as compensation for loss of employment (explanation 2 to section 7 (1).

3. Despite the provisions of explanation 2 to section 7 (1) the retiring gratuities of railway employees although paid as a reward for past services were tax-free apparently by virtue of an arrangement made with the Finance Department and set out in the Department's letter D.Dis. 7 (3) IT 39 of 19th December 1939. If that was so, Government had contracted out of the Act.

There was no strong objection to the proposed rule and to the extent that the powers of Commissioners were defined, it was probably desirable.

The Committee, however, considered that the time was opportune for an enquiry into the apparently invidious distinction between employees of commerce and employees of Government and semi-government departments whose superior treatment might be derived from consideration for the fact that their employers were not in any case chargeable under the Act.

If the facts were as they appeared, the Committee suggested either that the Act should be amended so as to permit all retiring gratuities to be tax-free to the employee and at the same time an admissible expenditure of the employer or that privilege illegally given to Government and semi-Government employees should be abolished.

The Committee discussed the question with Mr. J. F. Sheehy, Member, Central Board of Revenue, when he visited the Chamber in August 1942, but he pointed out that the distinction had existed for many years and no one had made any complaint until now. He added that it would require legislation to make any alterations and he was not prepared to promote such legislation.

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## INCOME-TAX.

### (7) Incomes below Rs. 2,000.

Under the Indian Finance Act, 1942, the minimum amount of income on which tax was payable was reduced from Rs. 2,000 to Rs. 1,500. An alternative procedure was, however, provided for persons whose total income during the relevant period was between Rs. 1,500 and Rs. 2,000. Any such person could, instead

of paying tax, make a deposit in the Post Office Defence Savings Bank of a sum of not less than Re. 1 for every complete unit of Rs. 25 by which his total income exceeded Rs. 750. For example, a person whose total income in the previous year was Rs. 1,750 could either pay by way of tax Rs. 31-4 which was not refundable, or deposit in the Post Office Defence Savings Bank a sum of Rs. 40 which was repayable with interest after the end of the war.

## INCOME-TAX.

### (8) Duplicate Certificates of Dividends and Interest on Debentures.

In February 1942, the Central Board of Revenue invited the Chamber's attention to Rules 13A and 14 of the Indian Income-tax Rules, 1922, and stated that it had been brought to the notice of the Board that duplicate certificates of payment of income-tax were sometimes issued by companies without the words "Duplicate" being stamped on them, and that this had, in certain instances, led to a double refund of income-tax. To prevent any such loss to revenue it was suggested that companies should in future adopt the following procedure :—

(*i*) The first distribution of certificates should be made from books containing certificates bearing the word "Original" printed at the top with a footnote that they should be carefully preserved for the purpose of income-tax, refund duplicates being issued from separate books with the word "Duplicate" printed in bold letters on the top preferably in red ink. The duplicate should not be given the same number and date as the original, but should bear a diferent number and the actual date of its issue. A reference should, however, be given on the top of the duplicate thus :

"Duplicate issued for original
No. date ."

(*ii*) Before issuing a duplicate certificate a declaration should be obtained fron the shareholder in writing that the original certificate had been lost or destroyed—and that he was the owner of the shares in respect of which the dupicate was applied for.

(*iii*) As and when a duplicate was issued the fact with full particulars thereof should be communicated to the Income-tax Officer by whom the company was assessed.

The Board further observed that certain companies did not sign the certificates as required by the rules, but only printed their names. As this practice was likely to facilitate forgery or the unauthorised use of blank forms the Board considered that the provisions of the rules should be adhered to strictly.

The views of the Chamber were desired on the points referred to above.

The Committee in reply stated that as regards (*i*) they saw no reason for marking the first dividend counterfoil "original" so long as "duplicates" were clearly marked. As regards (*ii*) they

did not consider that a declaration should be extended to declaration of ownership. A company could not recognise trusts and one particular individual might be registered though the beneficial owner might be an entirely different person. Furthermore, dividends were usually payable to the first named shareholder in the register. The Committee did not appreciate the need for the suggestion contained in number (*iii*).

In conclusion, the Committee stated that they had formed the view that the only alteration necessary in the procedure was that duplicate certificates should be signed by a responsible officer of the company.

In August 1942 the Central Board of Revenue requested that members should be advised to bring the following procedure into force. This was accordingly done.

(*i*) The word "Original" should be marked, preferably printed, in bold letters at the top of the original certificates with a footnote that they should be carefully preserved for the purpose of income-tax refunds.

(*ii*) The word "Duplicate" should be marked, preferably printed, in red in bold letters on the top of the duplicate certificates. The duplicate should not be given the same number and date as the original, but should bear a different nunber and the actual date of its issue. A reference should, however, be given on the top of the duplicate thus :

" Duplicate issued for original
No. date ."

(*iii*) Before issuing a duplicate certificate a declaration in writing should be obtained from the registered holder or from the person to whom the original certificate was issued by the Company that the original certificate has been lost or destroyed.

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## INCOME-TAX.

### (9) Dissolution of Firms and Registration after Dissolution.

(*See Report* 1941, *page* 79.)

It was recorded in the Chamber's Report for 1941 that the Committee in commenting on certain amendments which the Central Board of Revenue proposed to make in the Income-tax Rules stated that they were unable to understand the attitude of the Board in regard to the registration of partnerships after dissolution. As pointed out previously by the Chamber when commenting on the amendments of the Rules as proposed in Notification No. 16 dated the 24th May, 1941, a firm though dissolved was nevertheless kept alive on dissolution for the purpose of winding-up (section 47 of the Indian Partnership Act) and it should therefore continue to receive the benefit of registration. The Central Board of Revenue appeared to be under the

impression that on dissolution a firm could no longer be treated as a registered firm. The Committee considered that the impression, if held, was wrong and they suggested that instead of leaving the matter in its present condition, steps should be taken to clear any doubt there might be on the point by making such amendments in the Income-tax Rules, or, if considered necessary, the Act, as would provide that although a firm might be dissolved on a particular date the deed might still be registered in respect of income up to the date of dissolution and, thereafter, during the period of winding-up.

The Central Board of Revenue in reply stated that section 47 of the Indian Partnership Act, as was obvious from the opening words thereof, postulated the dissolution of the firm and therefore proceeded to keep alive for a limited purpose the authority of each partner to bind the firm and the other mutual rights and obligation of the partners. In the circumstances the Board was unable to accept the suggestion that the firm though dissolved was kept alive on dissolution and should therefore continue to receive the benefit of registration notwithstanding that after dissolution it was no longer constituted under an instrument of partnership. The Rules had been amended to permit of registration being claimed by the firm in the assessment of its profits up to the date of dissolution. If any income arose after the date of dissolution to the date of final winding-up and a joint assessment under section 44 was likely to cause hardship this income could, subject to agreement among the partners, be assessed on them direct. Such cases should, however, be rare.

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## INCOME-TAX.

### (10) Admissibility of Air Raid Precautions Expenditure in assessing Business Income.

It was recorded in the Chamber's Report for 1941 that the Committee had strongly urged on the Central Board of Revenue that the cost of all structural alterations laid down and approved as necessary by the A.R.P. authorities should be permitted without argument as a charge against revenue irrespective of any enhanced value the premises might be said to have after the war.

The Central Board of Revenue in reply stated that under the scheme drawn up by Government such part of the cost of an A.R.P. measure carried out under the orders of or approved by an A.R.P. Officer empowered for this purpose by the Central or Provincial Government as was certified by that officer to have no post-war commercial value and was eligible for treatment

as revenue expenditure would be allowed as a deduction in income-tax and excess profits tax assessments. In the circumstances it was considered that there was no room for a difference of opinion between an assessee and the Income-tax Officer on this matter.

In April 1942 the Associated Chambers of Commerce of India requested the views of this Chamber on a suggestion of the Upper India Chamber that the Government of India should be addressed on the need for clarifying the position in regard to the recovery of outlay by concerns who were compelled, by executive instructions, to incur expenditure in the provision of A.R.P. measures.

The Committee in reply informed the Associated Chambers that in their view Government had done all that could be expected by allowing A.R.P. expenditure as a revenue charge and indicating that they were prepared to take a reasonable view of claims made under this head. The Committee considered that there should be very few industries in this country that were not making money as a result of the war and it was unreasonable for such industries to refuse to spend anything to protect themselves from the possible consequences of war.

The Committee, however, suggested one important amendment for which they considered the Associated Chambers should press, that is to say, the inclusion of commercial offices and retail establishments, the value of which exceeded an agreed figure. Such an amendment would mean that expenses incurred for A.R.P. protection would be regarded as a charge to revenue and not to capital account.

The Committee were of the view that this latter suggestion could appropriately be taken up by the Association with the Government of India and requested that a representation should be made to the Central Government.

The following principles were laid down by the Central Board of Revenue, in regard to the treatment of expenditure on Air-Raid Precautions measures :—

(*i*) Any expenditure certified by the Air Raid Precautions Officer as revenue expenditure for purposes of income-tax and excess profits tax should be allowed as such under section 10(2) (*xii*) of the Indian Income Tax Act. The Air Raid Precautions Officer will not, however, certify the expenditure incurred by business concerns other than factories and in these cases the Income-Tax Officer will have to determine whether the addition or alteration or any part thereof has any post-war value.

(*ii*) Any Air Raid Precautions expenditure which brought an asset into being was of a capital nature and hence inadmissible.

(*iii*) But, where the asset brought into being was not of a durable character, the expenditure should be allowed as an item of revenue expenditure ; and

(*iv*) Where additions and alterations were made to buildings, plant or machinery as a precaution against air raids, the expenditure should be allowed as a revenue expenditure unless the additions and alterations had a post-war value in which case the expenditure should be treated as capital and depreciation should be allowed.

For facilitating the allocation between revenue and capita of the expenditure incurred by factories in respect of additions and alterations referred to in item (*iii*) above, the Government of India approved of the following scheme :—

APPENDIX A.

*Scheme for the recovery of cost of measures on Air Raid Precautions in Factories.*

1. Business concerns will be allowed to recoup the cost of A.R.P. measures by writing off such costs as revenue expenses for income-tax (and excess profits tax) purposes in the accounts for the year in which such costs are incurred except to the extent that some measures taken may have a permanent post-war (capital) commercial value.

2. *Costs.*—The costs which may be so treated are the costs of :—

(*i*) Such measures as have been carried out under the orders of an A.R.P. Officer empowered for this purpose either by the Central or Provincial Government.

(*ii*) Such measures as have been carried out by the firm on its own initiative but which have been subsequently approved by an A.R.P. Officer empowered for this purpose either by the Central or Provincial Government.

*Note* 1.—The scheme will apply to all such A.R.P. measures as may have been ordered or approved, but it should be emphasised that the A.R.P. Officer will only approve of measures undertaken in anticipation of an order if such measures are absolutely essential for A.R.P. purposes.

*Note* 2.—The Regional Camouflage Officer or, if there is no Regional Camouflage Officer, such officer as may be empowered for this purpose by the Provincial Government, shall be deemed to be the Air Raid Precautions Officer in regard to camouflage measures.

2. These instructions do not apply to the extra cost, if any, incurred in incorporating natural concealment measures in new buildings which are under construction.

3. The scheme will be worked in the following manner :—

(*i*) The A.R.P. Officer concerned will serve an order on the firm stating the A.R.P. measures which the firm is required to undertake or, where the firm has already undertaken such measures, approving these measures. Where he considers it necessary it will be open to the A.R.P. Officer to obtain and approve estimates of costs framed by the owners.

(*ii*) A statement of the cost actually incurred by the owners on such measures as have been ordered will be submitted to the A.R.P. Officer who served the orders. This statement will bear a certificate of the auditors of the

owners of firms to establish the conformity of the statements with the accounts of the firms. On receipt of these statements the A.R.P. Officer ordering or approving these measures will, on being satisfied of the correctness of the statements, certify the amount which should be treated as allowable revenue expenditure for this purpose and the amount to be treated as capital expenditure, and the Income-Tax Officers will treat such certificates as final for the purposes of assessment.

*Note.*—Before expenditure is treated as capital expenditure, the A.R.P. Officer will satisfy himself not only that the expenditure will have a post-war value but also that the expenditure is one which in the ordinary course the firm might have found it advisable to undertake.

4. *Appeal.*—Firms may appeal to the Government against the amounts certified by the A.R.P. Officer within sixty days of his so certifying.

*Form of Certificate to be issued by the Air Raid Precautions Officer.*

I.....being the A.R.P. Officer empowered by Government for the purpose, hereby certify that I have ordered the following work to be carried out by.....for A.R.P. purposes.

(Detail the work ordered.)

I certify that the cost of this work was Rs.....of which (no part) (Rs.....) has a post-war commercial value, and represents expenditure which, in the ordinary course, the firm/company might have found it advisable to undertake, and which is eligible for treatment as capital expenditure under the following heads :—

.....

Rs.....is to be treated as allowable revenue expenditure for purposes of Income-tax and Excess Profits Tax.

Signature. .....

Designation. .....

(*v*) In the case of new factories and extensions to existing factories the additional cost incurred in constructing it to Air Raid Precautions standards over and above the necessary normal cost should also be treated as revenue expenditure, provided the extra expenditure does not add to the post-war value of the building and provided the measures are included in the new construction. In such a case, the amount of expenditure to be allowed will be certified by Air Raid Precautions Officers. The following note was recorded by the Chief Adviser for the guidance of Air Raid Precautions Officers :—

APPENDIX B.

*Note by the Chief Adviser, Factory Air Raid Precautions, Labour Department.*

A new framed building being constructed to house vital machinery under normal circumstances might be designed with open sides or with walls only 4½ or 9″ thick. An A.R.P. measure in the construction of such a building and a measure which would have a capital value to the firm concerned, would be to thicken up the partition walls to 13½″ to afford blast and splinter proof protection to the machinery, the building is designed to contain. Similarly

in the construction of electrical sub-stations for supplying power to the plant, ventilation would be provided by the means of blast and splinter proof louvres instead of by leaving other openings in the building. Here again such construction would have no capital value whatever. The construction of buildings to house dispersed stores is perhaps an example of construction falling on the border line. Such buildings would, in normal conditions, not be erected by the company at all. Nevertheless a building of this nature might have a definite value to the company when the war is over either as an expense store or for conversion to some other use. Matters of this sort would obviously call for discussion and investigation before any certificate would be issued. Yet another example of expenditure it is difficult to classify but which is perhaps not all purely A.R.P. would be the duplicating of water mains and power supplies when any new plant is installed. In normal times of course such duplications would not be considered for one minute. It is nevertheless essential for A.R.P. The installation and maintenance of such duplicate pipes and supplies would be of no real value to the company but on the other hand after the war the materials and equipment used for this duplication would have a market value which the company should be in a position to recover by sale. The amount of such recovery would in the ordinary way be deducted from the authorised A.R.P. expenditure.

The Government of India also decided that :—

(*i*) The remuneration paid to personnel enrolled under the Air Raid Precautions Services Ordinance, 1941, was allowable as revenue expenditure.

(*ii*) Expenditure incurred in equipping factories with wireless sets and loudspeakers should, for purposes of income-tax and excess profits tax, be treated as revenue expenditure in the year in which the expenditure was incurred.

(*iii*) The cost of demolition of Air Raid Precautions structural measures in factories after the war should be treated as revenue expenditure.

(*iv*) The cost of such items of Air Raid Precautions equipment as trailer pumps, etc., should, even though the articles were durable, be allowed as revenue expenditure if it was proved that they had no post-war value, the scrap value, if any, of such articles being treated as income on the analogy of section 10 (2) (*vii*).

(*v*) The cost of identity discs purchased by factories should be allowed as revenue expenditure.

The above instructions did not apply to oil installations and electrical undertakings, in respect of which special arrangements had been made for the recoupment of Air Raid Precautions expenditure.

In considering these instructions the Committee drew the attention of the Board to paragraph 4 of Appendix A in which it was stated that firms might appeal to Government against amounts certified by the A.R.P. Officer within 60 days of his so certifying. The Committee asked for clarification of the word " Government " but it was presumed that the appeal lay to the Central Board of Revenue. It was also stated that an appeal should lie not only against amounts certified by the A.R.P. Officer but also in the case where a disallowance of expenditure was made by the A.R.P. Officer.

A reference was made in the note of the Chief Adviser, Factory A.R.P. Labour Department, to the duplication of water mains and power supplies. It was true that the material would have a market value, though, probably that of scrap. The Committee, therefore, did not consider that an expenditure of this sort should be considered as capital (other than the scrap value realized,) unless the A.R.P. Officer had satisfied himself that the expenditure was one which in the ordinary course, the firm might have found advisable to undertake.

A reply to the above enquiries was received from the Government of India, Labour Department, to the effect that the term " Government " referred to the " Government of India in the Department of Labour." Further, the Government of India were prepared to allow an appeal also in the case where an expenditure had been disallowed by an A.R.P. Officer. As regards expenditure on items such as the duplication of water mains and power supplies, Government pointed out that it was not the intention that the cost should be capitalised in full unless the A.R.P. Officer was satisfied that the expenditure was one which in the ordinary course, the firm might have found it advisable to undertake.

## INCOME-TAX.

### (11) Allowances in respect of alterations to Plant and Machinery to meet Supply Department Requirements.

The following Press Note was published on the 15th November 1941 and gave the gist of the instructions contained in a circular No. 43, issued by the Central Board of Revenue on the 12th August 1941 in regard to allowances for income-tax purposes of the cost of plant alterations in textile mills to meet Supply Department requirements :—

" The Central Board of Revenue have issued instructions that in the case of textile mills the cost of alterations to plant or machinery—required with a view to fulfilling orders placed by the Supply Department—will be allowed as deduction for the purposes of income-tax and excess profits tax in the year in which it is incurred.

The cost of re-alteration of plant or machinery to its original form, when these mills have ceased to fulfil Supply Department orders, will also be allowed as a revenue expense. Mills which have already altered their plant or machinery will also be eligible for the concession."

On the 2nd January 1942 the Central Board of Revenue issued a further circular in which it was intimated that the Board had decided that the instructions contained in circular No. 43 might be followed in the case of all concerns engaged in fulfilling Supply Department orders provided that the alterations were

only temporary alterations to existing plant or machinery and that these were made with a view to fulfilling Supply Department orders.

On the 30th September 1942 the following circular was issued concerning the depreciation allowance on extra machinery and plant used in the mica industry for supplying war orders :—

"The Joint Mica Mission are anxious to increase the production of certain grades of mica to the utmost and the question has arisen regarding the rate of depreciation to be allowed to the industry on the additional mining machinery and equipment obtained for this purpose and which may or may not have any post-war value. The Board directs that in the circumstances depreciation allowance in respect of such additional plant and machinery both for income-tax and excess profits tax purposes should be made at the rate of 40 per cent. per annum on *the original cost* for the first two years from the date of putting such plant and machinery into use. For the remainder of the useful life of such plant and machinery the normal allowance for depreciation should be given, both for income-tax and excess profits tax purposes based on the written-down-value.

It is to be particularly noted that these special rates of depreciation allowance will apply only in the case of such additional plant and machinery the purchase or acquisition of which is approved of by the Joint Mica Mission and the Geological Survey of India in writing and will be conditional upon such machinery, etc., being used for such purposes as are approved of by the Mission.

The working of the allowance is illustrated below in the case of an assessee keeping accounts according to the English calendar year, assuming that the excess profits tax 'chargeable' accounting period is identical with the income-tax 'previous year.'

Original cost of the *approved* machinery used from 1st October 1942 is Rs. 1,00,000 for which the normal depreciation rate on the written-down value basis is assumed to be 15 per cent. per annum. The allowance for the—

(1) *Income-tax assessment year* 1943-44 *would be* E.P.T.C.A.P. 1942 at 40 per cent. for 3 months on Rs. 1,00,000 .. .. .. .. .. .. Rs. 10,000

(2) *Income-tax assessment year* 1944-45 *would be* E.P.T.C.A.P. 1943 at 40 per cent. for 12 months on Rs. 1,00,000 .. .. .. .. .. .. Rs. 40,000

(3) *Income-tax assessment year* 1945-46 would be E.P.T.C.A.P. 1944 at 40 per cent. for the first 9 months on Rs. 1,00,000 .. .. Rs. 30,000

*For the next* 3 months the written-down value would be Rs. 20,000 and the depreciation allowance at 15 per cent. would be Rs. 750 = Rs. 30,750.

At the end of these assessments the written-down value would be Rs. 19,250.

These instructions do not apply to additional machinery and plant which have not been approved as laid down in paragraph 2 above, or to machinery and plant which have been in use from an earlier date."

## INCOME-TAX.

### (12) Recoveries of Insurance Money in respect of the loss of Machinery or Plant.

The following circular No. 36 was issued by the Central Board of Revenue, on the 6th of August 1942, and is reproduced for purposes of record :—

"Recoveries of insurance money in respect of the loss of machinery or plant are not of the same character as money recovered when machinery or plant is 'sold' within the meaning of the second proviso to section 10 (2) (vii). Such recoveries should therefore be left out of account for assessment purposes and consistently no allowance under the substantive provisions of that section should also be made in a converse case where the insurance recoveries and the aggregate depreciation allowance are together less than original cost of such machinery or plant."

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## INCOME-TAX.

### (13) Rate applicable to Insurance Companies.

In July 1942 the Associated Chambers of Commerce of India requested the views of the Chamber on a suggestion of the Punjab Chamber that a representation might be made to the Government of India requesting that the rate of income-tax and surcharge applicable to insurance companies might be fixed at the level prevailing on the 31st December 1941, and that such companies should be exempted from any further increases which might be made in the rates. It was pointed out that British Income-Tax regulations had imposed a maximum limit of 8*s*. 6*d*. in the £ for insurance companies and that any increase in the rate of income-tax beyond that figure did not apply to insurance companies.

The Committee in the first instance enquired of the Associated Chambers as to the reason why the British Income-tax regulations imposed a maximum limit of 8*s*. 6*d*. in the £ for insurance companies. The Committee themselves were unaware of the reason for this but presumed that there had been a *quid pro quo* in the United Kingdom of some condition affecting increase in premium. The Associated Chambers replied that the Bengal Chamber was in touch with the Association of Life Assurance Offices in India with a view to ascertaining the reasons for the maximum rate of 8*s*. 6*d*. in the £ for life assurance companies in Great Britain. No reply had been received from the Life Assurance Offices' Association but it was understood that the principle in the United Kingdom was that life assurance companies, being subject to definite restrictions regarding their investments, etc., were in a position different to that of the ordinary company assessee.

The Committee informed the Associated Chambers that they did not consider that any case had been made out for the further concession asked for by the member of the Punjab Chamber other than an argument based purely on United Kingdom practice which would, in fact, carry no weight with the Government of India. The Committee added that they were not in favour of according their support to the proposal.

In replying to a further reference from the Associated Chambers the Committee stated that they adhered to the view they had previously expressed; viz., that there was no case to put forward. They suggested, however, that any representations that might be made should be left to the Life Insurance Association.

## INCOME-TAX.

### (14) Depreciation and Obsolescence.

(*See Report* 1941, *page* 84.)

At the annual meeting of the Associated Chambers of Commerce of India held at Calcutta in December 1941, the following resolution was carried unanimously :—

"This Association again urges upon the Government of India the need for an early amendment of section 10 (2) (vii) of the Indian Income-tax Act so that when losses are incurred through the sale of a building or furniture, or through these becoming obsolete, such losses will be allowed as a deduction from income."

The terms of the resolution and the report of the discussion which preceded its adoption were duly communicated to the Central Board of Revenue from whom a reply was subsequently received to the effect that the Government of India did not contemplate making the amendment proposed and that as far as buildings were concerned the double depreciation allowance for factory buildings went a considerable way to meeting the grievance. As regards furniture, obsolescence was being allowed under executive orders.

## INCOME-TAX

### (15) Computation of Written Down Value for Assessments for 1942-43 onwards.

The following gist of the instructions issued from time to time by the Central Board of Revenue to departmental officers on the question of the computation of written-down value for assessments for 1942-43 onwards is reproduced for purposes of record :—

"The new definition of the term 'written-down value', as introduced by the recent amendment of section 10 (5) of the Act has come into operation

from 1st April 1942. According to this definition the written-down value of the assets acquired before the 'previous year' has to be computed by deducting from the actual original cost of such assets all depreciation *actually allowed* to the assessee concerned. The word 'allowed' in its strict literal interpretation and having reference to the word 'allowances' in sub-section (2) of section 10—would mean the depreciation allowance considered in any particular assessment irrespective of whether effect was given thereto in that assessment or not.

The second proviso to section 10 (5) having, however, been altogether omitted, the unabsorbed depreciation prior to 1939-40 can no longer be capitalised and by virtue of clause (*b*) of the proviso to section 10 (2) (*vi*) such unabsorbed depreciation cannot either be carried forward. To obviate the hardship arising in such cases it has been decided that the unabsorbed depreciation at the end of the 1938-39 assessment (which had not been wiped off by profits assessable for 1939-40) should not be taken into account in arriving at the amount of the depreciation 'actually allowed' within the meaning of the new clause (*b*) of section 10 (5). So far as the assessments for 1939-40 onwards are concerned the words 'actually-allowed' must, however, be interpreted in their strict literal sense as stated above, as the unabsorbed depreciation from 1939-40 onwards can be carried forward indefinitely until absorbed.

Where the unabsorbed depreciation at the end of the 1938-39 assessment relates to more than one class of assets to which different rates of depreciation were applicable the allocation of the net balance of unabsorbed depreciation remaining at the end of the 1938-39 assessment should be made proportionately on the basis of the quantum of depreciation allowance calculated on each class of asset up to and including the assessment for 1938-39. For this purpose it must be assumed that the profits made in any year have been applied first to reduce or wipe off the unabsorbed depreciation brought forward from an earlier year before they are applied against the depreciation allowance of the year of such profits. The result will be that the unabsorbed depreciation remaining at the end of 1938-39 assessment will be treated first as the allowance or part of the allowance for 1938-39, the balance remaining being treated as the allowance or part of the allowance for 1937-38 and so on, backwards. If the unabsorbed depreciation at the end of 1938-39 assessment is equal to or less than the depreciation allowance for 1938-39, then it should be assumed that the entire unabsorbed balance represents the allowance or a part of the allowance for 1938-39, as the case may be.

If any part of the unabsorbed depreciation remaining at the end of 1938-39 assessment has been wiped off by the profits assessed for 1939-40, the part thus wiped off must be left out for the purpose of arriving at the net unabsorbed balance to be allocated among the various assets.

As regards non-existent assets in respect of which there was unabsorbed depreciation at the end of the 1938-39 assessment (not wiped off by profits assessable for 1939-40), it has been decided that if any asset of the particular class (e.g., motor car) to which the non-existent assets belonged is in existence, the unabsorbed depreciation relating to the non-existent asset in respect of years prior to 1939-40 should be included in the written-down value of any asset of that class which is in existence. If, on the other hand, no asset of that particular class is in existence the unabsorbed depreciation in respect of the non-existent asset for years prior to 1939-40 should be spread over the remaining assets proportionately with a view to such unabsorbed depreciation being adjusted against future assessments at the various rates of depreciation applicable to the remaining assets.

If any assessee seeks to depart from the method described above, on the ground that it would be unfair to spread the unabsorbed depreciation on a discarded item over all the various classes of depreciation carrying assets the case should be submitted to the Board for instructions."

## INCOME-TAX.

### (16) Instructions issued by the Central Board of Revenue.

The following circulars containing instructions issued by the Central Board of Revenue during the year under review, are reproduced for purposes of record :—

*Appellate Assistant Commissioners (January 1942) :—*

It has been represented to the Board by several Indian Chambers of Commerce in Calcutta that assessees would have more confidence in the appellate machinery if they could feel that an Appellate Assistant Commissioner's decisions were arrived at without any fear that they would affect his future prospects in the Department. While the Board have no reason to believe that Appellate Assistant Commissioners have any such fear they wish to put it on record that Appellate Assistant Commissioners should make their decisions to the best of their own judgment and that their promotion and prospects will not depend on whether their decisions go against the revenue or not.

*Procedure in the Income-tax Office (January 1942) :—*

As the result of a joint discussion with several Indian Chambers of Commerce in Calcutta the following instructions are issued for the guidance of Income-tax Officers.

*Budget Estimates.*—It has been alleged that when a budget estimate for his charge is communicated to an Income-tax Officer, he feels that he is bound to collect that amount, somehow or other, within the year and it is even suggested that he feels constrained to collect it illegally if he cannot collect it legally. While the Board do not believe that there is any foundation for this latter allegation, there appears to be some foundation for the complaint that the budget figure exercises too great an influence on the Income-tax Officer's disposals. This reacts on the progress of work in two opposite ways : (*a*) it makes the Income-tax Officer rush his work towards the end of the year or (*b*) it makes him slacken off if he has already reached his budget figure. Except that he should give precedence to cases which are likely to yield most revenue, the Income-tax Officer should not be obsessed by the budget figure. He has a certain number of assessments to complete in a year and his merits will be judged by the way in which he completes those cases and not by the extent to which he has collected his budget estimate. He should therefore concentrate on completing his cases carefully and in good time ; if he does, the budget can take care of itself.

*Calling for accounts in company cases.*—Subject to the qualification that the Income-tax Officer is free to call for books of account, vouchers, etc., in any company case where he feels that such a course is advisable, books of account, vouchers, etc., should not be called for either in the case of public companies or in the case of private companies where the accounts have been audited by an auditor qualified to audit a public company's accounts and he has given a certificate similar to that given in the case of a public company.

*Enquiries regarding membership of associations such as Fatka markets.*—Complaints were made that these enquiries were made indiscriminately and were even addressed to Indian ladies. In future such enquiries should not be made unless the Income-tax Officer has some reason to believe that the person addressed is a member of the association referred to.

*Requests for affidavits.*—Complaint has been made that affidavits sworn or affirmed before magistrates are unnecessarily asked for. Unless there is some material basis for suspicion, such affidavits should not be called for.

*Methods of accounting.*—The function of the Income-tax Officer is to make what use he can of the assessee's accounts as he finds them and not to lecture the assessee—as some Income-tax Officers are alleged to be doing—as to how he should keep his accounts. But where the method of keeping such accounts is such that the Income-tax Officer cannot accept them, there is no objection to his explaining to the assessee how he can put them right.

*Refusal to renew registration of a firm, or cancellation of its registration.*—When a firm hitherto assessed as registered is assessed under section 23 (4) as an unregistered firm, the refusal to register, being in itself of the nature of a penalty, should be taken into account in any penalty proceedings that may be initiated.

*Reopening questions (a) of registration of firms and (b) of separation of Hindu undivided family.*—Complaints have been made that without any good reason Income-tax Officers have been worrying assessees by reopening decided questions regarding registration of firms and separation of Hindu undivided family. In so far as such enquiries are mere fishing enquiries they are indefensible. No decision on these matters should be reopened unless some new facts have come to the Income-tax Officer's notice indicating that the decision was based on a wrong interpretation of the law.

*Assessment of British and other Foreign Shipping Companies: (February 1942):—*

The Board has decided that the instructions which appeared in paragraphs 112 and 113 of the Income-tax Manual (7th edition) and which have been substantially reproduced at pages 348-350 (excepting the last two paragraphs at page 350) of the Income-tax Manual (8th edition) should be followed in respect of the assessments of foreign shipping companies for 1940-41 onwards. These instructions *inter alia* allow a foreign shipping company furnishing annual accounts for the whole of its business, Indian and foreign, to adopt the United Kingdom wear and tear allowance for the purpose of the computation of its income in accordance with the second method provided by Rule 33, and also allow a British shipping company to elect to be assessed on the basis of a ratio certificate granted by the United Kingdom authorities regarding the income or loss and the wear and tear allowance.

The bearing of the provisions of sections 10 (2) (*vii*) and 24 (2), however, requires to be considered in this connection. As no record of any depreciation allowance has been kept in India in respect of the companies assessed in accordance with either of the methods noted above, it will not be possible to work out the written-down value *without which the provisions of section* 10 (2) (*vii*) cannot be applied. If, therefore, any foreign shipping company desires to follow the method of electing the United Kingdom wear and tear allowance for the purpose of its Indian assessment, it must agree either to forgo the allowance under section 10 (2) (*vii*),—the Government also agreeing, in such a case, to forgo the tax on the 'excess' described in the second proviso to section 10 (2) (*vii*) or to give particulars (agreed with the United Kingdom authorities) in respect of (1) the original cost of the asset sold or discarded, (*ii*) the aggregate United Kingdom wear and tear allowance in respect of that asset and (*iii*) its scrap value or sale price. The 'excess' or the loss computed on the basis of these particulars will, in that case, be added to or deducted from the whole world income computed for the purpose of the second method in Rule 33. As regards companies electing to be assessed on the basis of the United Kingdom ratio certificate, it will not be possible to apply the provisions of section 10 (2) (*vii*) to such cases and the companies concerned will have to accept this position.

As regards section 24 (2), there will be no difficulty in respect of companies electing the United Kingdom wear and tear allowance only. It will, however, not be possible to work out correctly the loss to be carried forward

in respect of the companies electing to be assessed on the basis of the United Kingdom ratio certificate unless the certificate in respect of the assessments for 1939-40 *onwards* contains the following particulars in place of the particulars furnished for assessments upto and including the year 1938-39 :—

(1) The ratio of profits (before deduction of any previous loss) of any accounting period as computed for the purposes of the United Kingdom income-tax, computed without making any allowance for wear and tear, to the gross earnings of the company's whole fleet.

(*ii*) The ratio of loss (before including any previous loss) of any accounting period computed as above.

(*iii*) The ratio of United Kingdom allowance for wear and tear to the gross earnings of the whole fleet.

Thus either certificates (*i*) and (*iii*) or certificates (*ii*) and (*iii*) will apply to a particular case. The relative ratios being applied to the Indian " gross earnings " it will be possible to work out separately the proportionate Indian profit or loss and depreciation and there will be no difficulty in carrying forward the loss or the depreciation or both as the case may be.

*Life Insurance Companies—Comparable Income* (*March* 1942) :—

In view of the likelihood of the basis of taxation of life assurance companies in a dominion or in an Indian State and in British India, being different on account of the assessment in one country being based on the preceding year's investment income while that in the other is based on the actuarial valuation result, it is not possible in all cases to identify the incomes taxed in the two countries according to the period of accounts. The Board has, therefore, decided that in such cases the income computed in British India *for any year of assessment* in accordance with either Rule 2 (*a*) or Rule 2 (*b*) of the Schedule to section 10 (7) should, for the purpose of double income-tax relief, be treated as the income *comparable* with the income computed in an Indian State or in a dominion including Burma, Ceylon and Aden for the corresponding year of assessment, whatever the basis of the latter computation may be. The lower of the two comparable incomes will represent that *part of* the income which has been taxed in the two countries."

*Allowances in Appeals against application of Section* 23-A *:* (*August* 1942) :—

Section 23A of the Indian Income-tax Act, 1922, is based on section 21 of the United Kingdom Finance Act, 1922. The Board understands that the expenses involved in an appeal to the Special Commissioners or the Board of Referees against a direction by the Special Commissioners under section 21 (1) of the United Kingdom Finance Act, 1922, are allowed if the company, in appeal, establish their contention that the provisions should not have been applied. In conformity with the above practice, the Board has decided that the expenses of an appeal to the Appellate Assistant Commissioner or to the Income-tax Appellate Tribunal against the application of section 23A should be allowed if the company succeeds in establishing in appeal that the section should not have been applied in their case.

2. The instructions contained in item (f) of page 283 of the Income-tax Manual are being amended accordingly.

*Liability of Trustees and Fiduciaries* (*August* 1942) :—

The Board has decided that trustees and others acting in a fiduciary capacity, who after diligent inquiry and making, if necessary, a full scale disclosure of the affairs under their charge, pay, *inter alia*, the income-tax

claims based thereupon after allowing a reasonable time to elapse to enable any other claims against the estate to be lodged and paid, and thereafter dividing the estate, would, under the Indian Income-tax Act, 1922, be absolved from any further personal liability, in respect of subsequent claims arising under the Act against the estate.

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## INCOME-TAX.

### (17) Deductions from Commission earned abroad.

In August 1942 in replying to an enquiry from the Jamaica Chamber of Commerce as to whether it was legal for Bombay exporters to make deduction for income-tax from commissions earned by Jamaica selling agents, the Committee stated that in their view selling agents in Jamaica were not liable for tax, and if income-tax had been deducted a refund should be claimed.

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## INCOME-TAX.

### (18) Tax in respect of Income from Sources in Burma, Malaya, Indo-China and other Countries in the Far East occupied by the Enemy.

On the 10th February 1942 the Central Board of Revenue issued the following circular No. 8 :—

"The Board has received representations from various commercial bodies that in view of the financial losses suffered by business men resident in British India, carrying on business in Burma, Malaya and other neighbouring countries in the Far East, the Income-tax Department should suspend for the time being the collection of tax in respect of the foreign income whether assessed on the accrual or the remittance basis.

The Board has carefully considered the matter and directs that representations from assessees affected by the situation in Burma and the Far East should be sympathetically considered either by the grant of facilities in deserving cases for the payment of tax in easy instalments or by the suspension of collection of tax for a reasonable period if the circumstances warrant the grant of such relief."

On the 26th March 1942 the Central Board of Revenue issued the following further circular No. 14 :—

"(*i*) Assessment proceedings in respect of the incomes in question for 1941-42 and earlier years are to be continued and completed.

(*ii*) For assessment years subsequent to 1941-42, even though the assessee's previous year ended on a date before the territory in question was occupied by the enemy, no attempt should be made to assess income from sources in such territory. Such income can be assessed later under section 34. Income from sources outside such territory will continue to be assessed and tax will continue to be collected in the usual way.

(*iii*) In the case of Chettiars when account books are not available copies of accounts sent by agents will be accepted as a compliance with the notice calling for accounts.

(*iv*) Further collection of taxes on all income—remitted or unremitted—which accrued in these territories in the previous year for the 1941-42 assessment shall be postponed during the period of the war.

(*v*) As regards assessment years prior to 1941-42 no attempt should be made for the present to collect tax on the income in question. Lists of such cases should be submitted to the Board by Commissioners with their recommendations as to stay of collection, having regard to the fact that our object is to avoid causing hardship to assessees.

(*vi*) In order to assure that the collection of tax held in abeyance under these orders will not become time-barred under section 46 (7), payment should be allowed in two instalments—the first payable two years from the date of assessment and the second six months later. The time limit in section 46 (7) will count from the date of the second instalment.

The object of these instructions is to give relief to assessees who have suffered from enemy action. Income-tax officers must keep that in mind and treat these assessees sympathetically. They should be given ample time in which to supply any information required by the Income-tax Officer and the question of imposing penalties on them for default should not arise save in very exceptional cases. These people have much to worry them besides income-tax and the Department must not add unnecessarily to their troubles."

In the above connection the Central Board of Revenue pointed out later that their instructions did not meet cases where a definite loss had been suffered in enemy occupied countries, with regard to stock in trade, bad debts, etc. Since such losses could not be ascertained with any degree of accuracy at the moment the Board directed that they should be treated in the same way as losses incurred in respect of goods on enemy vessels laid up in neutral ports since the outbreak of hostilities. Recovery of the estimated tax due on account of the non-allowance of such losses should however be held in abeyance by allowing it to be paid as the last instalment payable, say, three years hence. The assessee should be advised to lodge a formal appeal against the assessment which would be kept pending till the loss became actually ascertainable.

Intimation was also received from the Central Board of Revenue that the Board had further decided that where an assessee proved that he had not been able to obtain the Burma counterpart of the relief, a third instalment, payable six months later than the second, should be allowed out of the British Indian tax demand, equal to the estimated Burma counter-part of the relief. Care should, however, be taken in such cases to see that recovery proceedings were not time-barred within the meaning of section 46(7).

Where an assessee was unable to produce for the purpose of claiming the Indian counterpart of double income-tax relief—the certified copy or a certificate of his Burma assessment, the Income-tax Officer should accept the demand notice or any other reliable document as proof that the Burma tax had been demanded or paid as the case might be. If no such document was available the estimated amount of relief to be allowed in British India on

account of taxation in Burma should be kept outstanding as a deferred second instalment under instructions contained in the previous circular.

On the 6th November 1942 the Central Board of Revenue issued the following further circular No. 52 :—

" In the United Kingdom an allowance for a bad debt is given only when the debt is proved bad but where a claim for deduction is made in respect of an enemy debt not proved bad the practice is to stay collection of that part of the tax (both income-tax and excess profits tax) as is due to the disallowance of the claim, pending final settlement at a later date. In India also, nearly the same procedure is contemplated in Board's circular No. 44 of 1942 (D. Dis. No. 27 (68)-I.T./42 dated the 3rd September 1942). It is not, however, necessary, in respect of an enemy debt, to insist on its being written off in the year and against the profits in respect of which it is claimed as a deduction. But when it is finally ascertained to be bad, it must be written off in the accounts before deduction thereof is allowed against the profits of the year in which the deduction was originally claimed. To obviate difficulties regarding double income-tax relief, the claim for deduction in India and in the United Kingdom should be made in respect of the same accounting period."

## EXCESS PROFITS TAX.

### (1) Representative of the Central Board of Revenue in England.

(*See Report* 1941, *page* 13).

It was recorded in the Chamber's Report for 1941, that the Central Board of Revenue had appointed a representative in the United Kingdom to settle double taxation relief with the Board of Inland Revenue and that where there were head offices in the United Kingdom it would be a three-cornered agreement settled in England that would be finally adopted by all parties.

On enquiry the Chamber was informed in March 1942 that the Board's representative in the United Kingdom was Mr. E. B. Hunton, O.B.E., c/o The High Commissioner for India, London.

## EXCESS PROFITS TAX.

### (2) Changes in Partnership and Set-off of Deficiencies.

The following circular No. 14 issued by the Central Board of Revenue on the 7th July, 1942, is reproduced for purposes of record :—

The Board has had under consideration cases of changes in partnerships occurring after 1st September 1939 and the application thereto of the provisions of section 7 of the Act relating to the set-off of deficiencies, and has decided that the deficiency in one chargeable accounting period, whether occurring before or after the change, may be set off against the excess profits in another chargeable accounting period *in so far as such deficiency was borne and such excess was enjoyed by the same partner.*

It must be particularly noted, however, that, in cases to which sub-section (7) of section 8 of the Act applies, there can be no restriction of the right to complete set-off of a deficiency occurring *before* the change in partnership against excess profits arising after the change.

The application of these instructions is illustrated by the following examples :—

1. A, B and C in partnership, A dies on the 31st December 1939 and the partners B and C continue to carry on the business.

| | | | Rs. |
|---|---|---|---|
| 1st C.A.P. | 4 months to 31-12-1939 | Deficiency .. | 40,000 |
| 2nd C.A.P. | 12 months to 31-12-1940 | Excess Profits. . | 30,000 |
| 3rd C.A.P | 12 months to 31-12-1941 | Excess Profits. . | 60,000 |

In this case Rule 8 (7) of Schedule I applies and the excess profits of the second C.A.P. should be cancelled by set-off of Rs. 30,000 of the deficiency of the first C.A.P. and the excess profits of the third C.A.P. should be reduced by set-off of the remaining Rs. 10,000 of that deficiency.

2. Circumstances as in Example 1, A, B and C sharing profits or losses in the proportion of 6 : 5 : 5, and after the change B and C sharing equally.

| | | | Rs. |
|---|---|---|---|
| 1st C.A.P. | 4 months to 31-12-1939 | Excess .. .. | 24,000 |
| 2nd C.A.P. | 12 months to 31-12-1940 | Deficiency .. | 36,000 |

In this case A has suffered no deficiency, and the deficiencies suffered by B and C should be set off *only* against excess profits enjoyed by them.

As B's and C's share of the excess of Rs. 24,000 is 5/16 each, i.e., Rs. 7,500 while their share of the deficiency of Rs. 36,000 is Rs. 18,000 each set-off under section 7, allowable by refund, must be restricted to tax on Rs. 7,500 each.

The balance of the deficiency, viz., Rs. 10,500 each, is available under the section to be set off against any later excesses in the same business suffered by partners B and C.

3. A and B in partnership, sharing equally, up to 31st March 1940. From 1st April 1940, C is taken into the partnership, profits or losses being shared in the following proportions A 6/16, B 6/16 and C 4/16.

On 1st April 1941 A retires and D becomes a partner, profits and losses being shared thereafter in the following proportions :—

B 7/16, C 5/16, D 4/16.

| | | | Rs. |
|---|---|---|---|
| The 1st C.A.P. ended 31-3-1940 | shows an | Excess of | .. 64,000 |
| 2nd C.A.P. ended 31-3-1941 | „ | a Deficiency of | .. 1,60,000 |
| 3rd C.A.P. ended 31-3-1942 | „ | an Excess of | .. 1,12,000 |

The position of the individual partners is :—

| | 1st C.A.P. | 2nd C.A.P. | 3rd C.A.P. |
|---|---|---|---|
| A .. | Excess Rs. 32,000 | Deficiency Rs. 60,000 | .... |
| B .. | Excess Rs. 32,000 | Deficiency Rs. 60,000 | Excess Rs. 49,000 |
| C .. | .... | Deficiency Rs. 40,000 | Excess Rs. 35,000 |
| D .. | .... | .... | Excess Rs. 28,000 |

In this case for the 2nd C.A.P. set-off (and refund, if necessary) under section 7 should be made in respect of Rs. 32,000 of the deficiency suffered by each of A and B against the excess profits of Rs. 32,000 each of the first C.A.P.

In assessing the excess profits of the third C.A.P., set-off should be allowed.

(*i*) of the balance of Rs. 28,000 of B's deficiency, and

(*ii*) of Rs. 35,000 of C's deficiency,

so that the assessment for the third C.A.P. should be Rs. 1,12,000 less deficiencies Rs. 63,000=Rs. 49,000.

(*Note* :—The balance Rs. 5,000 of C's deficiency will be available for set-off against any subsequent excess enjoyed by C.)

In any case where there is any doubt as to the proper application of these instructions, or where the assessee disagrees with the treatment proposed by the E. P. T. Officer, it should be referred to the E. P. T. Adviser for instructions.

It is to be noted that apart from cases covered by sub-section (7) of section 8 of the Act, the treatment authorised by this circular is concessional, and that it should be clearly understood by the assessee that such set-offs are only authorised upon the understanding that they are taken individually into account in computing the partners' proportions of the profits assessable under section 10 of the Income-tax Act.

Thus if for Income-tax purposes the assessable profits of the firm for the year of assessment for which that C.A.P. is the "previous year" were Rs. 2,08,000 less E.P.T. payable Rs. 24,500 (50 per cent. of Rs. 49,000), the apportionment should be as follows :—

| | | Rs. | Rs. |
|---|---|---|---|
| B | 7/16 of Rs. 2,08,000 .. .. .. .. | 91,000 | |
| | *Less* E.P.T. 50 per cent. of Rs. (49,000-28,000) .. = | 10,500 = | 80,500 |
| C | 5/16 of Rs. 2,08,000 .. .. .. .. | 65,000 | |
| | *Less* E.P.T. .. .. .. .. .. .. = | *Nil.* = | 65,000 |
| D | 4/16 of Rs. 2,08,000 .. .. .. .. | 52,000 | |
| | *Less* E.P.T. 50 per cent. of Rs. 28,000 .. .. = | 14,000 = | 38,000 |
| | | Total Rs. .. | 1,83,500 |

In December 1942 a further circular (No. 23) was issued by the Central Board of Revenue which indicated that in future the contents of Circular No. 14 would only be applied subject to the following addition :—

"In any case in which it is proposed to grant the concession authorised by this Circular a condition precedent must be that a written undertaking, signed by each of the partners in the partnership as it exists after the change, is given stating, as the case may require,

(*a*) that relief shall not be claimed in respect of any part of the deficiency of profits of the partnership in respect of which relief has been given to an individual partner, or

(*b*) that so far as excess profits of the partnership have been cancelled by set-off of the previous deficiency of an individual partner no claim shall be made by the partnership for set-off there-against of any deficiency suffered by the partnership.

If a proper undertaking is refused the concession must not be applied but the case must stand over until the assessment is being made for the final chargeable accounting period, when the case is to be dealt with in the same manner as is laid down in the case of businesses transferred to private Limited Companies."

*Business transferred to private Limited Companies.*—The concession notified by Circular No. 14 of 1942 is to be applied in principle to any case where a business carried on by an individual, or by individuals in partnership, is transferred to a private Limited Company in consideration of the allotment to him or them of the whole or the main part of the ordinary share capital of the company and those shares are retained in the beneficial ownership of the former proprietor(s) of the business.

In such cases the share of a continuing partner in a net deficiency for the partnership for all chargeable accounting periods up to the date of the change may be set against his share of a net excess for the partnership for all chargeable accounting periods after the change, and *vice versa*.

As these particulars cannot be known until after the termination of the tax, the application of the concession in those cases must stand over until the liability for the final chargeable accounting period is being dealt with.

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## EXCESS PROFITS TAX.

### (3) Rules 7 & 8 of Schedule I—"Subjected to Tax."

Early in the year under review it was brought to the notice of the Committee of the Chamber by a member that instructions had been issued to Excess Profits Tax Officers to the effect that in Rule 7 (2) (*b*) of Schedule I to the Excess Profits Tax Act the words "for the purposes of excess profit tax" were to be read as to mean that excess profits tax was to be paid on the Managing Agents' remuneration and not merely that the remuneration was to be included in the computation for the purpose of ascertaining the profits on which the tax was payable. In the opinion of the Committee these instructions were inconsistent with the rule, the language of which was clear to the effect that, if Managing Agent's commission was not to be included in director's remuneration, the condition to be satisfied was that such commission should be included in the profits of the Managing Agent's business for excess profits tax. The wording did not and, indeed, could not be interpreted to mean that such commission must actually pay excess profits tax. The Committee addressed the Central Board of Revenue in the matter and at the same time referred to the words "subjected to tax" in Rule 8 of the same Schedule. The Committee considered that if these words were interpreted to mean that the excess remuneration was to be included in the assessment computation of the Managing Agent,

the position would be considered satisfactory. But if an endeavour was being made to interpret the words to mean that the company or the Managing Agent must pay excess profits tax on the excess, regardless of the computation of profits with the inclusion of the excess remuneration, then they would object strongly. The Committee were of opinion that if the excess remuneration had been brought about deliberately with intent to avoid or reduce excess profits tax, then adequate steps could be taken to safeguard Government's position by means of Rule 12 and the provisions of that Rule were, it was felt, adequate for the purpose.

The Central Board of Revenue in reply stated that so far as Rule 7 (2) (*b*) was concerned it was agreed that *inclusion* of Managing Agent's remuneration in the profits of his business liable to excess profits tax was sufficient. This could be confirmed by a reference to paragraph 38 of the Notes and Instructions on the Excess Profits Tax Act, 1940, issued by the Central Board of Revenue.

As regards Rule 8, however, it was the considered opinion of the Board that to obviate application of the rule the Managing Agent must be actually assessed to excess profits equal to the amount of the increase in the remuneration.

The Committee in again addressing the Central Board of Revenue in the matter pointed out that section 8 went far beyond the object of the rule as detailed in paragraph 43 on page 31 of the official " Notes and Instructions." After the passing of the Indian Companies Act, 1936, several companies altered the terms of their Managing Agency Agreements in order to bring the agreements into accordance with section 87C (1) and (3) of that Act, and from time to time, as other Managing Agency agreements expired or were terminated under section 87A (2), the terms of the agreements must be altered so as to conform with sub-section 3.

It followed that, owing to the compulsory variation in the method of computing the commission, it might happen that the commission as computed under the new agreement was in excess of what would have been the commission had the old agreement remained in force. For instance, it was understood that the weight of legal opinion was in favour of the view that in the case of agreements in the terms of section 87C (3) excess profits tax was not a charge in the computation of agents' commission—as of course, was no more than just, seeing that in such cases the company bore only the agents' commission on its own share of profits—whereas under old agreements, there was sometimes considerable doubt on the subject.

The strict interpretation of the opinion of the Board might, it was felt, lead to hardship in cases where the change in the

Managing Agency agreements took place before the introduction of the Excess Profits Tax Act, and in many cases, before the war began. Further, voluntary or compulsory changes in the agreement to conform with the Companies Act were on an entirely different footing from changes made in order to avoid excess profits tax. It was felt that sections 10 and 10A gave ample power to the Board to deal with evasions, and that Rule 8 was not really required, in view of its professed object; but if it was desired to retain and enforce this rule, it was suggested that either (*a*) it should not apply where the change was only made to conform with section 87C of the Companies Act, or (*b*) the exercise of the power should be discretionary, the Excess Profits Tax Officer being instructed to refer to the Board any cases which would come under this rule.

The Committee suggested that in any case profits which were taxed in the hands of the company should be exempt in the hands of the Agents, otherwise, if the increase in profits which were subject to the rule amounted to, say, Rs. 3 lakhs and the Managing Agents paid E.P.T. on only Rs. 2½ lakhs, the company would have Rs. 3 lakhs added to its profits, of which Rs. 2½ lakhs would be taxed in the hands of both the company and the Agents.

The Committee also pointed out that the application of this rule might cause considerable complications, for instance :—

(*a*) If, in the year 1941, the rule was applied in respect of Rs. 3 lakhs, the Agents having a deficiency ; whereas in 1942 the Managing Agents had an excess profit of Rs. 4 lakhs ; the Agents' deficiency for 1941 had been reduced by the additional Rs. 3 lakhs, so that the amount of Rs. 3 lakhs was doubly taxed over the two years.

(*b*) If the additional commission subject to the rule was Rs. 3 lakhs, whereas the Agents paid tax on Rs. 4 lakhs, the rule would not apply. If, however, the Agents had a deficiency in the following year of Rs. 5 lakhs, the final effect would be that the Agents had not paid tax. Still further complications might arise owing to (*a*) and (*b*) of the first proviso to section 7.

The Committee felt therefore that the hard and fast application of this rule would involve not only injustices but extreme complications ; and while they were fully in accord with the principle of preventing evasion of tax through transfers of profits from the company to the Managing Agents, they would prefer to see the Central Board of Revenue given the same discretion in this matter as in the case of sections 10 and 10A, provided it was understood that the rule would not be applied in the case of *bona fide* changes in Managing Agency agreements to conform with the Companies Act.

The Committee took the opportunity of the visit to the Chamber in August 1942 of Mr. J. F. Sheehy, Member, Central Board of Revenue and Mr. C. W. Ayers, Excess Profits Tax Adviser to the Government of India to discuss these rules with them. The Committee pointed out that Rule 7(2) of Schedule I worked a distinct hardship in the case of a private company; for instance, where a director owned more than 5 per cent. of the capital and was a whole-time employee. The safeguard which was designed to be given by this rule was now covered by other rules, particularly Rule 12.

Mr. Ayers said that he preferred not to be restricted to one safeguard and the position was that although a director might own more than 5 per cent. of the capital the rule would apply only in the case of director-controlled companies in which case the directors as a body including the director in question would hold more than 50 per cent. of the shares and would regulate their own remuneration. He did not think there was any hardship.

In regard to Rule 8 of Schedule I the Committee considered that the rule should not be applied in cases of *bona fide* changes in Managing Agency agreements, which were made, either for the purpose of conforming to the Companies Act, or, in cases of renewals of Managing Agency agreements, which were made because of the Companies Act.

The Committee also submitted that the words "subjected to excess profits tax" should be construed as meaning taken into computation for the purpose of assessment to excess profits tax.

Mr. Ayers said there would be no disallowance under the rule without previous reference to himself and that he was making a close study of the effect of the rule in practice.

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## EXCESS PROFITS TAX.

### (4) Rule 11 of Schedule I—Obsolescence.

In April 1942, the Committee addressed the Central Board of Revenue and pointed out that in Schedule I Rule 11, an obsolescence claim arising in the chargeable accounting period could for the purpose of excess profits tax be spread over all the years since the asset (machinery, etc)., was purchased, and assessees were being given the benefit of this in respect of the standard period. If, however, the assets were sold at a profit in the chargeable accounting period, the whole of the profit was subject to excess profits tax while on the other hand, the assessee obtained the corresponding benefit should any such sales take

place in the standard period. The Committee suggested that it would be fairer for profits on the sale of machinery, etc., to be treated in the same way as obsolescence claims, both for the standard period and the chargeable accounting period.

The Excess Profits Tax Adviser, Central Board of Revenue, in reply stated that as a concession and in the spirit of Rule 11, Schedule I to the Excess Profits Tax Act, "profits" assessable to Income-tax under section 10(2) (*vii*) of the Indian Income-tax Act might be treated for excess profits tax purposes in the same manner as allowances under that section.

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## EXCESS PROFITS TAX.

### (5) Distribution of Dividends.

On the 2nd March 1942 the Central Board of Revenue issued a circular (No. 11 of 1942) in which it was stated that it had been represented to the Board that if the excess profits tax assessment in respect of a company was not made within six months of the date of the general meeting, it was often impossible for such a company to determine with any reasonable degree of accuracy, what would be the figure of its assessable income (as reduced by the amount of income tax and super-tax demand relating thereto) from which it had to distribute the minimum dividend required by section 23A. The Board had, therefore, decided that in respect of a company liable to excess profits tax a dividend declared within the time limit, laid down in section 23A (1), and expressed as an *adequate percentage* of the assessable income but payable when that figure was known would be deemed for the purpose of section 23A as compliance with that section.

The Committee in addressing the Central Board of Revenue in connection with the circular suggested that the decision arrived at as set out in the circular might not meet the case of companies which were subsidiaries of foreign companies which were themselves subsidiaries of large public companies. The Committee added that if complaints arose, however, in such cases, they would approach the Central Board of Revenue again.

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## EXCESS PROFITS TAX.

### (6) Dividends received by Investment Companies.

In July 1942 the Chamber addressed the Central Board of Revenue and drew attention to the fact that during the debate in the Legislative Assembly on the 1940 Excess Profits Tax Bill, an amendment was moved that provision should be made in the Bill to ensure that company profits which had been subjected to

excess profits tax in British India should not again be assessed to excess profits tax in the hands of the shareholders when received by them as dividends.

The amendment was withdrawn on an assurance being given by the Finance Member that in the case of Investment Companies, Government accepted the principle that dividends received from companies which had been subjected to excess profits tax would not again be taxed in the hands of the Investment Companies. This assurance was required only for Investment Companies because other companies were not affected as any investment income was specifically excluded from their assessable income for excess profits tax.

Earlier in the debate, Mr. Chambers had explained why Government wished to deal with this particular point by means of rules rather than by a specific provision in the Excess Profits Tax Act, and with that object a special provision had been put in section 27 of the Excess Profits Tax Bill giving the Central Board of Revenue power to grant relief. According to Mr. Chambers an attempt had already been made to draft a rule covering such cases. Considerable difficulty had, however, been experienced in drafting a suitable rule.

As the Committee were unable to find that any rule granting the promised relief had yet been published they requested the Central Board of Revenue to inform them whether in fact such a rule had been drawn up, and if not, what steps Investment Companies should take to acquire the relief promised by Government.

The Committee took the opportunity of the visit to the Chamber in August 1942 of Mr. J. F. Sheehy, Member, Central Board of Revenue and Mr. C. W. Ayers, Excess Profits Tax Adviser to the Government of India, to enquire as to how matters stood, when Mr. Ayers stated that rules had been drafted as provided for by Rule 27(2) and would, he hoped, be published shortly. In the meantime assessments on investment companies were being held up.

On the 14th November Notification No. 7 was published in the *Gazette of India* setting out a new rule, which read as follows :—

20. *Investment-holding companies.*—In the case of a business consisting wholly or mainly in the holding of investments—

(*a*) the income from investments to be included in the profits of the business under the provisions of Rule 4 of Schedule I of the Act shall be computed exclusive.

(i) of all income received by way of dividends or distribution of profits from a company carrying on a business to the whole of which the section of the Act imposing excess profits tax applies ; and

(ii) of the due proportion of all income received by way of dividends or distribution of profits from a company carrying on a business to part only of which the section of the Act imposing excess profits tax applies;

(*b*) the investments to be excluded from the capital employed in the business under Rule 3 of Schedule II of the Act shall include—

(i) all shares in a company carrying on a business to the whole of which the section of the Act imposing excess profits tax applies; and

(ii) the due proportion of all shares in a company carrying on a business to part only of which the section of the Act imposing excess profits tax applies.

The Committee put forward the following views for the consideration of the Central Board of Revenue :—

It was not quite clear what was involved by " a company carrying on business to part only of which the Section of the Act imposing excess profits tax applies." Many companies paid dividends which included a portion of interest on investments excluded for the purpose of excess profits tax, but such interest on investments was not taxable under the head of " business," but under section 8 (interest on securities) or 12 (income from other sources). It was presumed therefore that no apportionment of a dividend would be made in respect of interest or dividends received by the Company paying the dividend, where the whole of such company's business as assessable under section 10 was assessed to excess profits tax. The Committee requested that this be confirmed.

It was not laid down how a dividend was to be apportioned when it was paid partly from reserves, and the Committee desired to know how it was proposed that this should be done.

Section 27(2)(*c*) gave the Board power to give relief to companies whose business consisted wholly or mainly in the *dealing in* or holding of investments. The Committee pointed out that companies dealing in investments had to include their investment income by reason of Rule 4(2) or 4(2A) of Schedule I, whether the dealing in investments was the main part of their business or not. They therefore requested that relief be given to all companies whose investment income was taxed under these rules, and that the Act be amended as required, if Government did not consider that they could deal with the point under section 27(1). It appeared to have been an oversight that section 27(2)(*c*) was not amended at the same time that Rule 2-A was inserted in Schedule I.

It was observed that the relief was proposed to be given only to *companies* and it was difficult to see that there was any

just ground for distinction between a company and a partnership or an individual. Rule 4(2-A) was carefully drawn so as to cover the cases of partnerships, and exclude income received by the partners as trustees for other persons, and it was also possible that individual speculators would be charged to excess profits tax if their profits were sufficiently large. This case was not covered by section 27(2) and the Committee requested that the Act be amended, if necessary, so as to provide for relief in all cases where the hardship of double taxation was suffered.

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## EXCESS PROFITS TAX.

### (7) Allowance of Contributions to War Purposes Fund.

(*See Report* 1940, *page* 61.)

It was recorded in the Chamber's Report for 1940, that the Committee had supported a suggestion, made to the Associated Chambers of Commerce of India by the Upper India Chamber, that the question of allowing charitable donations as a charge against revenue for the purpose of assessing liability to excess profits, income and super-tax should be taken up with the Central Board of Revenue.

The Chamber was informed subsequently by the Associated Chambers that replies to the circular had been received from all the Chambers and that it had been found that the weight of opinion was against any action by the Associated Chambers on the lines recommended by the Upper India Chamber. The Government of India also intimated in a Press Note that they had no power to exempt for income-tax purposes the proportionate profits which an industrial concern might contribute to war funds.

In February 1942 the Associated Chambers requested the views of this Chamber on a further representation which had been received from the Upper India Chamber in which it was stated that it was felt that a specific contribution to a War Purposes Fund was clearly distinguishable from moneys contributed to a Charitable Fund or Institution and it was accordingly the considered view of the Committee of that Chamber that there was sound reason in the suggestion that moneys directly contributed to a War Purposes Fund should be exempted from assessment to excess profits tax, particularly as they also considered that, if such exemption was permitted, the psychological effect would be very considerable and would result in disproportionately generous donations being made to a War Purposes Fund.

The Upper India Chamber made it quite clear that it was not desired to contend, at this stage, that donations should be exempted from assessment to income-tax and super tax.

The Committee informed the Associated Chambers that while they considered it would be to Government's advantage to encourage donations to War Purposes Fund by relieving such donations from the excess profits tax, they thought there was little to be gained in the Associated Chambers pressing the matter as it was improbable that the Government of India would be willing to accept such a proposal.

Information was subsequently received from the Associated Chambers that the proposal had again failed by a substantial majority to gain the support of the constituent Chambers, and that it had been decided to take no further action in the matter.

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## EXCESS PROFITS TAX.

### (8) Advances to Staff.

In April 1942, the attention of the Chamber was drawn recently to the fact that the local Excess Profits Tax Officers did not allow advances to staff to be treated as capital employed in the firm's business. This had not been a matter of great importance previously as the amounts involved were usually of a petty nature. The question had, however, become one of material importance, as certain businesses were making large advances to their staff for the purpose of enabling them to send their families out of Bombay and to lay in a store of food. These advances might amount to two months' pay for a large proportion of the staff and in the case of more important concerns if all the staff took advantage of the offer the advances might well amount to over a lakh of rupees.

In addressing the Central Board of Revenue on the subject, the Committee suggested that as the advances to staff were made only to assist them in times of difficulty the amount should be regarded as capital employed in the business. If, however, Government was not prepared to accept this view in normal circumstances, they strongly recommended an exception should be made in this particular case.

The Excess Profits Tax Adviser, Central Board of Revenue, in reply stated that instructions had been given that advances by an assessee to his employees for the purpose of evacuation of their families or to lay in a stock of food were to be treated for excess profits tax purposes as capital employed in the assessee's business.

## EXCESS PROFITS TAX.

### (9) Post-war Refunds.

Under the provisions of section 10 of the Indian Finance Act, XII of 1942, an assessee who is charged excess profits tax under the Excess Profits Tax Act, 1940, could deposit with the Central Government an additional amount equal to one-fifth of the tax paid and he would, subject to certain conditions, get a refund after the war, of this deposit in addition to one tenth of the tax paid.

For purposes of record a copy of section 10 of the Indian Finance Act, and the rules made thereunder together with a copy of the Press Note issued in connection therewith are reproduced in the Appendices.

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## INSURANCE RULES, 1939.

### Proposed Amendment.

(*See Report* 1939, *page* 58.)

In the *Gazette of India* Part I, dated 31st January 1942, the Commerce Department of the Government of India published under Notification No. 597-I (3) 41 a draft of certain amendments which it was proposed to make in the Insurance Rules 1939. After referring the draft Rules to a special Sub-Committee, the Committee informed the Government of India that they had no comments to offer except in regard to paragraph 12 which introduced a new rule numbered 28. This new rule read as follows :—

" 28. The sub-classes of miscellaneous insurance business in respect of each of which a separate account of receipts and payments is to be kept as required under sub-section (1) of section 10 of the Act shall be—

(1) Capital Redemption insurance business.

(2) Continuous Disability insurance business.

(3) Employers' Liability insurance business.

(4) The business of insuring the payment on the happening of each of the contingencies (*a*) birth, (*b*) marriage, and (*c*) failure of issue, each contingency to constitute a separate business unless the contingencies are combined in a single contract, but not being business comprising insurance contracts which are terminable by the insurer at intervals not exceeding twelve months and under which if a claim arises, the insurer's liability to pay benefit ceases within one year from the date on which the claim arose.

The Committee were of opinion that this new rule should be deleted as not only was it unnecessary but it would involve a great deal of extra work. At the present time when offices were working with very depleted staffs it was considered inadvisable to introduce such an amendment.

## MARINE INSURANCE POLICIES.

### ASSIGNABILITY AND SUBROGATION.

(*See Reports* 1937, *page* 230 ; 1938, *page* 39 : *and* 1939, *page* 62.)

It was recorded in the Chamber's Report for 1938 that a resolution in the following terms was adopted at the annual general meeting of the Associated Chambers of Commerce of India held at Calcutta on the 21st December 1936.

"This Association urges upon the Government of India the necessity of enacting without delay legislation in British India embodying the provisions of the Marine Insurance Act, 6, Edw. VII, 1906, and of amending sections 6 and 135 of the Transfer of Property Act, 1882, so far as they conflict with sections 50 and 79 of that Act which provide for the assignment of marine policies either before or after loss and for the right of subrogation respectively."

In May 1937 the Government of India in reply stated that they were unable to consider the resolution on the grounds that their legislative programme at that time was too heavy to admit of their giving the matter immediate attention.

The Committee considered that the subject was one which required early attention, and it was felt that as other legislation had been passed dealing with matters relating to insurance the time was also appropriate for the Government of India to examine the suggested measures. A similar resolution was accordingly moved at the annual general meeting of the Associated Chambers which was held at Calcutta on the 19th and 20th of December 1938. The Chamber was subsequently advised through the Associated Chambers that the Government of India had stated their inability to concede that the question was of an urgent character and that they had nothing to add to their previous communication of 1937.

In March 1942 the Government of Bombay requested the opinion of the Chamber on the following tentative views of the Government of India on the above proposals :—

(1) That the reference to a policy of marine insurance should be omitted from section 135 of the Transfer of Property Act, leaving the section to apply to policies of insurance against fire and that a new section should be inserted to deal with policies of marine insurance in the substantial sense of section 50 of the Marine Insurance Act, 1906 ;

(2) That no case had been made out for the enactment of a counterpart of section 79 of the Marine Insurance Act or for the amendment of clause (e) of section 6 of the Transfer of Property Act.

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The Committee informed the Government of Bombay that they welcomed the attitude of the Government of India on the question of the assignability of marine policies which appeared to favour the proposals made by the Associated Chambers of Commerce of India at their annual general meeting in December 1936.

The Committee regretted, however, to note that Government apparently rejected the second half of the proposals affecting the right of subrogation. It seemed to the Committee to be a matter of obvious justice that insurance companies having paid up a claim should acquire all the rights of the insured to sue in respect of circumstances leading up to the loss. The fact that the United Kingdom Government with their very considerable experience in matters of this kind had found it necessary to enact legislation to cover this point should, in the view of the Committee, influence very strongly the Government of India to adopt a similar procedure in this country.

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## DAYLIGHT SAVING IN INDIA.

(*See Report* 1941, *page* 45.)

It was recorded in the Report for 1941 that the Committee in replying to a reference from the Government of Bombay opposed a suggestion that, for the duration of the war, Indian Standard Time should be advanced by one hour, i.e., from 5½ hours to 6½ hours ahead of Greenwich Mean Time throughout India. The Committee considered that the advancement of clocks would not be acceptable to clerical staffs of firms though they might get used to it. On the other hand, engineering and dock labourers started work at 7-30 a.m. and 8 a.m. respectively, and the proposal would entail the men getting their morning meal and coming to work in the dark. Bombay Time, as at present, gave the maximum daylight working hours during the cold weather. The effect of such a change in Bombay would, in the opinion of the Committee, give rise to more trouble than it would be worth in practice; they therefore favoured the *status quo*.

With effect, however, from midnight of 31st August-1st September 1942 the Government of India decided to advance clocks by one hour. It was pointed out that the existence of two different standards of time in India was undesirable. In deciding what that standard should be the Government of India had to consider on the one hand the convenience of that portion of India which lay to the west of Meridian 82½ and already enjoyed sufficient daylight saving and on the other the requirements of

the eastern provinces, where it was essential to avoid any electricity overload due to overlap of factory demands with those of domestic, office and street lighting and where extra daylight might be needed to mitigate the effect of obscuration.

To ensure the continuance of sufficient daylight in the eastern provinces it was necessary that Indian Standard Time throughout the country should be six and a half hours ahead of Greenwich Mean Time.

It was realised that the advance of clocks by one hour must inevitably cause some inconvenience to areas lying west of Meridian 82½ but it was believed that by an adjustment of hours of work, this inconvenience could be overcome and that when the public became accustomed to the new time no great difficulty would be experienced.

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## CONTROL OF FOOD ADULTERATION.

### Proposed All-India Legislation.

(*See Reports* 1938, *page* 174; 1940, *page* 183; 1941, *page* 180.)

It was recorded in the Chamber's Report for 1941 that the Committee had suggested to the Associated Chambers of Commerce of India that the Government of India might be addressed with a view to the adoption on an all-India basis of a suggestion for the latent colorisation of vegetable product by the compulsory addition of a small percentage of sesame oil as an alternative to the colorisation prescribed by the Punjab Government with a deep orange colour Oil Orange E which was poisonous and if used in vegetable product to the extent called for, would have a serious injurious effect on the health of the consumers. Subsequently the Associated Chambers enquired whether the Chambers favoured an approach by Provincial Chambers to their respective Provincial Governments or a recommendation by the Associated Chambers that the Government of India should frame model legislation and recommend its adoption by the provinces.

The Committee informed the Associated Chambers that they considered that a recommendation should be made by the Associated Chambers to the Government of India requesting them to frame model legislation and recommend its adoption by the Provincial Governments. They also considered that this model legislation should closely follow the existing legislation in Bombay which was functioning satisfactorily.

## INDUSTRIAL STATISTICS BILL.

On the 27th February 1942, a Bill was introduced in the Indian Legislative Assembly, the object of which was to facilitate the collection of satistics of certain kinds relating to industries. In the statement of objects and reasons appended to the Bill it was mentioned that it had been felt for some time, by both the Central and Provincial Governments, that the quantity and nature of reliable information in regard to the progress of industries and of labour conditions available to them had been inadequate and that steps should be taken to effect an improvement in the matter. It was realised that the most important step necessary was to provide for a fuller compilation of industrial statistics. The limit of what could be achieved in this respect by relying merely on goodwill and the voluntary supply of information had been reached, and legislation was therefore considered to be necessary. The matter was placed before the Eleventh Industries Conference in December 1939 and the Conference of Labour Ministers held in January 1940. Both these bodies were of the opinion that the collection of statistics relating to industries and labour was most desirable and recommended that the Central Government should undertake legislation on the subject. The scope of the compilation, as in clause 3, had found unanimous acceptance by all the Provincial Governments and the Bill was designed to enable Provincial Governments to collect information and to frame rules for the purpose. It was proposed that with a view to securing uniformity in the procedure and the method to be adopted in collecting information, directions might be issued by the Central Government under section 126 (2) of the Government of India Act, 1935, where necessary.

Clause 3 of the Bill read as follows :—

"3. (1) The Provincial Government, may, by notification in the official *Gazette*, direct that statistics shall be collected relating to any of the following matters, namely :—

(*a*) any matter relating to factories,

(*b*) any of the following matters so far as they relate to welfare of labour and conditions of labour, namely

(*i*) prices of commodities,
(*ii*) attendance of labour,
(*iii*) living conditions of labour,
(*iv*) loans to workers from money-lenders,
(*v*) rents of dwelling-houses of workers,
(*vi*) rates of wages,
(*vii*) provident funds and other benefits provided for labour,
(*viii*) hours of work,
(*ix*) employment and unemployment,
(*x*) industrial and labour disputes,

and thereupon the provisions of this Act shall apply to the collection of those statistics.

(2) In clause (*a*) of sub-section (1) "factory" means a factory as defined in clause (*j*) of section 2 of the Factories Act, 1934, or any premises deemed to be a factory in pursuance of a declaration made under sub-section (1) of section 5 of that Act."

The Bill was referred to a Select Committee who made a few minor amendments. An assurance was given that in compiling the forms calling for the required information the advice of commercial bodies would be obtained in order that the forms might be as succinct as possible. The Bill was passed at the end of March 1942 and received the assent of the Governor General on the 3rd April 1942 (Act XIX of 1942).

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## BOMBAY AGRICULTURAL DEBTORS RELIEF ACT.

### Draft Amending Bill.

(*See Reports*, 1936, *page* 53; 1939, *page* 188.)

On the 13th April 1942 the Government of Bombay published a draft Bill which had for its object the amendment of the Bombay Agricultural Debtors Relief Act, 1939, largely in order to clarify certain points. One amendment was intended to save the taxes due to Government and the local authorities and dues to co-operative societies and liabilities due under a decree or order for maintenance passed by a competent court from the operation of certain provisions of the Act. It was proposed to include in the saving clause dues to Scheduled Banks as it was not considered necessary to subject these dues to the same scrutiny as dues to other money-lenders.

In replying to an enquiry from the Chamber as to how many Debt Adjustment Boards had been constituted under the Act the Government of Bombay stated that Boards had been established in selected areas of the Broach and Panch Mahals, Surat, Thana, West Khandesh, Poona, Sholapur, Bijapur and Dharwar Districts. Government added that these Boards, however, had been appointed only a short time previously and it was not possible to state at the moment whether many debtors had availed themselves of the benefit of the Act and how the Boards were functioning.

After considering the Bill in consultation with a special Sub-Committee the Committee informed the Government of Bombay that they had no suggestions or objections to make.

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## TRADE MARKS RULES.

The Government of India, Department of Commerce, in an *Extraordinary Gazette* dated 21st February 1942 published the draft of certain rules which it was proposed to make under the

provisions of the Trade Marks Act, 1940. The draft rules were examined by a Special Sub-Committee of the Chamber and the Government of India were duly addressed as follows in terms of their report.

*Rule* 10—*Agency.*—This rule provided that the authorisation of an Agent for the purpose of section 80 should be executed on Form T. M. 48. This was one of the essential forms which had to be signed by the owner of a trade mark and in many cases it would be necessary to have such forms signed by owners who were not resident in India. The Committee therefore considered that the word ' may ' should be substituted for the word ' shall ' and that the following words should also be added in this rule :—

" or on such other authorisation form or power of attorney as the Registrar may deem sufficient."

This was in conformity with the Trade Marks Rules in the United Kingdom. Rule 14 of the United Kingdom Rules provided that the proprietor of a trade mark might appoint an agent to act for him by signing an authority to that effect in form T.M. No. 1 or such other written form as the Registrar or Board of Trade might deem sufficient.

The Committee added that it should also be made clear that a single authorisation or power of attorney should be deemed sufficient for applications for registration of a single mark in more than one class or sub-class and for registration of a series and for applying for entry in the Register of assignment or other deed referring to more than one mark.

*Applications for Registration.*—The Committee considered it most important that a separate filing receipt should be given in respect of each application immediately it was filed and they therefore recommended the addition of a further rule, which might be numbered 21A, providing that on receipt of each application a separate filing receipt should be given for each trade mark in each class and that the following particulars should be stated on the filing receipt :—

1. The name of the applicant.
2. The number of the application.
3. The date of filing the application.
4. A short description of the mark sufficient to identify it.
5. The class to which the application related.

*Rule* 22 (3).—This rule provided that if a trade mark submitted for registration so nearly resembled a trade mark deposited under section 85 in respect of the same goods as to be likely to deceive, the Registrar *may* give notice of the application for registration to the depositor. The Committee considered that it should be obligatory on the Registrar to give notice of such

application to the depositor, and they further considered that it should be made clear in this rule that, on receipt of such notice, the depositor should be entitled to put in a counter-statement before his mark was removed from the list of deposited marks.

*Rule* 24 (2).—The Committee considered that the meaning of this rule would be clearer were the last sentence of 24 (2) worded as follows :—

" For the purpose of appeal, the date when such statement is sent to the applicant shall be deemed to be the date of the Registrar's decision."

The Committee apprehended that the periods allowed in a number of the Rules for taking any action such as lodging notices of objection, notices of opposition, submission of counter-statements, submission of evidence, etc., would be found in practice to be too short. They realised, however, that the longer such periods were, the more time it would take for the large volume of applications which would be sent in to be properly dealt with and for the various marks to be entered on the Register. They therefore did not propose any specific alterations in the periods of time allowed (except as mentioned later in their letter), particularly as Rule 75 gave the Registrar discretion to grant extensions of time for doing any act or taking any proceedings under all the rules, with the exception of Nos. 54 and 58, if he considered circumstances justified such extensions.

*Rule* 45.—This provided that application for the renewal of the registration of a trade mark might be made at any time not more than three months before the expiration of the last registration. This period of three months the Committee considered too short and recommended that it should be six months.

*Rule* 51.—This provided that an application under Rule 50 should contain full particulars of the Instrument, if any, under which a person other than the registered proprietor claimed to be entitled to the trade mark. It further provided that such instruments should be produced at the Patent Office at the time of application. The Committee considered it was sufficient if a notarily certified copy of such Instrument was produced at the Patent Office.

*Rule* 97.—*Textile Goods.*—Sub-rule (*ii*) of Rule 97 provided as follows :—

" those of the goods, included in classes 22, 25, 26 and 27 of the said Schedule which are either complete articles of clothing or are composed to a substantial extent of natural or artificial fibres."

The Committee were of opinion that this rule would lead to endless difficulty and confusion owing to the necessity of a decision being taken as to whether the goods were or were not composed to a substantial extent of natural or artificial fibres.

For example, application might be made for the registration of a mark under Class 26. The applicant might succeed in satisfying the Registrar that the goods in question were composed to a substantial extent of natural or artificial fibres, and in conformity with the Rules application for registration of a trade mark for use on such goods would have to be made to the Bombay Registrar. An opponent might subsequently be able to get that registration cancelled on the grounds that the goods concerned were not composed to a substantial extent of natural or artificial fibres and therefore the registration of the mark was not valid, as the application should, in the first instance, have been made to the Registrar at Calcutta.

The classification of goods in the Fourth Schedule followed strictly the International Classification as framed by the International Union for the Protection of Industrial Property. It was clearly desirable that the classification under the Indian Act should conform to the International Classification. The Committee therefore considered that to remove any risk of the difficulties and confusion which they apprehended might result from Rule 97, Rule 97 (*ii*) should be deleted and Rule 97 (*i*) should read as follows :—

"Goods included in Classes 22, 23, 24, 25, 26 and 27 of the Fourth Schedule to these Rules."

Admittedly the result of this would be that application would have to be made to the Bombay Registrar for the registration of a mark for use on certain goods which were not textile goods, but there appeared to be no satisfactory way of avoiding that in view of the desirability of conforming to the International Classification.

*Rule* 99.—In the drafting of this Rule it appeared to the Committee to have been overlooked that application for registration of an invented word or words as a defensive trade mark had to be made on Form T.M. 3. This rule therefore required to be altered as follows :—

"An application for the registration of a trade mark consisting of a word or words relating to textile goods but excluding an invented word or words registrable as a defensive trade mark under section 38 shall be made on Form T.M. 51."

*Rule* 108.—To the words in brackets there should be added after the words "or any combination thereof" the words "or an invented word or words."

*Chapter III.—Advisory Committee.*—The total number of members of the Advisory Committee as shown at the foot of the Seventh Schedule was 25. This appeared to be a misprint and should be 26.

The Committee informed the Government of India that they were disappointed to note that the Bombay Chamber of Commerce was not shown as one of the Associations represented on the Advisory Committee. The original proposal made by the Bombay Millowners' Association in 1940 recommended that the Bombay Chamber of Commerce and the Indian Merchants' Chamber, Bombay, should each be entitled to have one representative on the Advisory Committee. This recommendation was supported by this Chamber. The Bombay Chamber represented the interests of a number of importers who were owners of valuable trade marks, and the Committee therefore requested that provision should be made in the Seventh Schedule for one representative of this Chamber to be on the Advisory Committee.

The Rules in their final form were published on the 23rd May 1942. Most of the amendments recommended by the Chamber were accepted. The Chamber was also granted representation on the Advisory Committee.

The first meeting of the Advisory Committee was held at the offices of the Bombay Millowners' Association on Monday, the 7th September, 1942.

The meeting was addressed by Mr. Shavaksha, the Bombay Registrar. He quoted figures relative to the textile trade marks which had been deposited at the Bombay and Calcutta Registries and made reference to the importance of Bombay as a centre for the textile trade marks.

The business of the meeting consisted of the election of a Chairman, Vice-Chairman, the appointment of a Secretary, and matters connected with future meetings. The following officers were elected :—

*Chairman* :—Mr. Dharamsey Mulraj Khatau (Bombay).

*Vice-Chairman* :—Mr. B. W. Batchelor (Madras) (subject to acceptance).

*Secretary*.—Mr. N. S. V. Aiyer (subject to permission being granted by the Millowners' Association).

Provided the Committee of the Bombay Millowners' Association was agreeable the affairs of the Advisory Committee would be operated from the office of that Association.

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## TRADE MARKS.

### Bombay Register.

(*See Reports* 1940, *page* 109 ; 1941, *page* 57.)

Early in July 1942 the Committee addressed the Commerce Department of the Government of India in connection with the

question of jurisdiction of the Bombay Registrar in regard to applications for the registration of textile Trade Marks the owners of which had their principal places of business outside the provinces of Madras, Bombay, the Punjab, the Central Provinces and Berar, North West Frontier Province and Sind.

Before the Act was amended section 65(1) provided that applications for the registration of Trade Marks in respect of textile goods might be made either to the Registrar or the Deputy Registrar at the option of the applicant. The Act was amended in 1941 with the object of giving the Bombay Registrar full powers to deal with all matters relative to registration of textile Trade Marks, and by the amendment Act XXVII of 1941 the whole of section 65 of the 1940 Act was deleted. The Committee felt sure, however, that it was not intended that the deletion of section 65 should have the effect of withdrawing any of the facilities provided by Chapter IX or of restricting the jurisdiction of the Bombay Registrar.

Section 63A (1) of the amended Act provided that when the applicant for registration of a Trade Mark in relation to textile goods was a person having his principal place of business situated in the Provinces of Madras, Bombay, the Punjab, the Central Provinces and Berar, the North West Frontier Province or Sind, the application should lie only to the Bombay Registrar. When the Committee considered the amending Act they felt quite satisfied that this new section 63A(1) meant that an applicant for registration of a textile Trade Mark whose principal place of business was situated elsewhere than in the six provinces named could apply either to the Bombay Registrar or the Registrar in Calcutta and that registrations at either of these places would be valid. When the Act came into force on the 1st June 1942 certain companies owning valuable textile Trade Marks, whose principal places of business were in the United Kingdom, applied through their Bombay offices to the Bombay Registrar for the registration of these marks and the Registrar refused the applications as he held there were grave doubts as to whether his office had jurisdiction to entertain them.

The difficulty arose out of the correct interpretation of section 62 read with sections 63 and 63A of the amended Act. The second part of section 62 provided that subject to the provisions of Chapter IX the other provisions of the Act should apply to all textile Trade Marks. It had been contended that the second part of section 62 had the result of bringing within the general provisions of the Act all applicants for registration whose principal places of business were outside the provinces named in section 63A and that such applicants therefore must apply to the Registrar and had not the option of applying to the Bombay Registrar.

Section 63(1) started with the words "for the purpose of facilitating the registration of Trade Marks in respect of textile goods there shall be established at Bombay a separate Trade Marks registry." It would be appreciated that if the provisions of section 62 were construed as mentioned above the declared purpose of the Trade Marks registry at Bombay was completely defeated. It would equally be appreciated that the owner of a Trade Mark outside India who desired to register a textile Trade Mark under the Trade Marks Act must be satisfied that the registration would be valid, and at the same time must be given full facilities to effect registration of the mark or any subsequent rectification or amendment. The position at the moment was serious and an immediate amendment of the Act was necessary to remove any doubt as to the jurisdiction of the Bombay Registrar in regard to applications relative to textile Trade Marks which were the property of persons outside the provinces named in section 63A. Manufacturers in the United Kingdom who had their principal places of business there and branch offices in Bombay would naturally wish their marks in respect of textile goods to be registered with the Bombay Registrar, but until the present doubt as to the jurisdiction of the Bombay Registrar was removed they would be compelled to withhold their applications. The Committee were of opinion that the matter could best be rectified by renumbering section 63A (2) as section 63A (3) and by inserting a new section 63A (2) to provide that in the case of persons, other than those to whom section 63A (1) applied, application for registration of a Trade Mark used or proposed to be used in relation to textile goods might be made either to the Registrar or the Bombay Registrar at the option of the applicant.

The Committee thought they were right in believing that it was Government's intention that all proprietors of textile Trade Marks might have the right to apply for registration to the Bombay Registrar even though those not covered by section 63A were also to have the option of applying to the Registrar in Calcutta.

In view of the expressed intention of the Act, as amended in 1941, to facilitate the registration of textile Trade Marks in Bombay, the Committee could not think that Government would except an applicant immediately to take the matter to the High Court in order to obtain a ruling on the question of the Bombay Registrar's jurisdiction. They therefore urged that Government would give this matter very urgent attention and would at once clarify the point by the issue of an executive order to the Registrar and the Bombay Registrar pending further amendment of the Act, or even by the issue, if considered necessary, of an Ordinance further amending the Act.

In order to obtain a ruling on the above question, the Bangalore Woollen and Silk Mills, Ltd., filed a test case in the Bombay High Court, its application for the registration of its trades mark having been refused by the Bombay Registrar.

In his judgment His Lordship relied mainly on sections 62, 63 and 63A of the new Indian Trade Marks Act of 1940 and stated that inasmuch as the other provisions, apart from Chapter IX of the Act were to apply to textile goods, sections 4 and 63 may be taken together to mean that the Bombay Registrar's jurisdiction was the same as the Registrar's in respect of textile goods. The proviso to section 63 (3) which contemplated a possible conflict or overlap of jurisdiction was cited by him in support of his decision. As for section 63 (*a*) (1), whose wording was really responsible for all the ambiguity, His Lordship held that the occurrence of the word "only" in the place where it occurred in the Act could by no means be held to be an accident and, in any case, could not be treated as one. The section, in His Lordship's opinion, did not delimit the jurisdiction of the Bombay Registrar but merely conferred on him exclusive jurisdiction over applications from persons whose principal places of business were in the areas specified therein. His Lordship, therefore, directed the Bombay Registrar to proceed with the application, as, in the view His Lordship took, jurisdiction of the Registrar of Textile Trade Marks, Bombay, extended over all textile trade marks, no matter where the principal place of business of the applicant was situated.

At a meeting of the Textile Trade Marks Advisory Committee held on the 30th of October 1942, it was suggested that members of the Advisory Committee might move their respective organisations for direct approach to the Government of India to amend the Trade Marks Act with the object of confining to one centre in Bombay the administration of the Act, thereby avoiding cross references between the two existing offices in Bombay and Calcutta, which might be productive of delay and confusion, and so assuring the commercial community of the unanimity and continuity in the policy followed. It was disclosed at the meeting that there was a marked preponderance of applications for the registration of textile trade marks over non-textile trade marks and also that the Bombay Registry, which was intended to entertain exclusively textile applications, had received over 99 per cent. of such applications. The decision of the High Court of Judicature at Bombay in regard to the application of the Bangalore Woollen, Cotton and Silk Mills Co., Ltd., strengthened the case for an amendment of the Act.

The Committee addressed the Government of India, Commerce Department, in the above terms and stated that if the foregoing suggestion proved unacceptable to Government, they

considered it was essential for the smooth working of the special provisions for the registration of textile trade marks that the Bombay Registrar should, in any case, have exclusive jurisdiction over that class of goods and that a separate section of the trade marks journal for textile trade marks only should be constituted under the control of the Bombay Registrar.

In the meantime the Bombay Millowners' Association also addressed the Government of India, pointing out that after examining certain other provisions of the Act, it appeared that apart from the difficulties which would arise with two authorities administering the law, there were other matters also which were likely to render the Act unworkable without further alterations or amendments of the Act.

The Committee accorded their full approval to the arguments put forward by the Millowners' Association. The more important points, which they supported, were the following :—

*Associated trade marks—Section* 12.—This section provided for the registration of associated trade marks. Where a trade mark which was registered or was the subject of an application for registration, was identical with, or was similar to another trade mark which was registered, or was the subject of an application for registration in the name of the same proprietor in respect of the same goods or description of goods, the Registrar might at any time require that the trade marks should be entered in the register as associated trade marks. Under Rule 42, where a trade mark was registered as associated with any other marks, the Registrar should note in the register in connection with the first mentioned mark, the registration numbers of the marks with which it was associated, and should also note in the register in connection with each of the associated marks, the registration number of the first mentioned mark as being a mark associated therewith. It would be seen that the above provisions could not be satisfactorily worked under the existing scheme when there were two separate Registries in existence. For instance, if a person having his principal place of business in Bombay registered a trade mark for use on paper and leather bags in the Calcutta office and subsequently wanted to associate that trade mark with any other trade mark he might be using on cloth bags, his application requesting the association of the marks would have to be made at Bombay, and there was no provision under the Act by which one of the Registrars might make an entry as regards associated marks which were entered in the register maintained by the other Registrar.

*Proviso to section* 63(3).—This was likely to give rise to considerable difficulty and inconsistencies in the practice of the

two Registries. If a person applied to register a textile trade mark at Bombay and another person to register the same mark at Calcutta, and each applicant opposed the other person's application, this would result in two proceedings to settle up the same dispute. There might be conflicting decisions by the two Registrars and for appeals lodged there might again be different decisions by the High Courts.

*Rule* 106.—This rule provided that the Registrar in Calcutta should send to the Bombay Registrar every application for the registration of a trade mark in respect of textile goods for record. The latter portion of this Rule appeared to be *ultra vires* of section 10 (1) of the Act. The Rule stated that where it appeared to either the Registrar in Calcutta or the Bombay Registrar that an application submitted to him was in respect of a trade mark so nearly resembling a trade mark which had been registered as to be likely to deceive or cause confusion, he should report the matter to the Central Government for action under the proviso to section 63 (3). Under section 10 (1) no trade mark should be registered which was identical with a trade mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or which so nearly resembled such trade mark as to be calculated to deceive or cause confusion. Where the applicant's trade mark was the same or was nearly the same as a registered trade mark belonging to a different proprietor, there could be no question of referring the application to the Central Government for action as the application must, under section 10 (1), be refused.

In conclusion the Committee stated that whereas piecemeal amendments of the Act were likely to create difficulties for both Government and the trade, they strongly supported the suggestion of the Millowners' Association that the Bombay Registrar who in actual fact was at present dealing with most of the trade marks, should be forthwith placed on special duty with instructions to submit a report at an early date in consultation with Chambers of Commerce and other Associations so that amendments recommended by him might be considered and incorporated in the Act at the next session of the Central Legislative Assembly.

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## TRADE MARKS ACT, 1940.

### AMENDMENT OF SECTION 64.

During November 1942, the Committee were asked for their views by the Associated Chambers of Commerce of India on the following question put forward by the Government of India.

The Government of India understood that in commercial practice textile goods such as the undermentioned—

Terry towels—grey, bleached, dyed, striped or checked; Huckaback towels—grey, bleached, dyed, striped or checked; Honeycomb towels—grey, bleached, dyed, striped or checked; All other towels; Dusters, napkins, handkerchiefs, rumals, and table cloth; Durries and carpets including Satranji (floor carpets), were not regarded as piecegoods, as they were not ordinarily sold in piece. As a result of this, Rules 112-115 of the Trade Mark Rules, 1942, which had been framed under section 64 (*d*) of the Trade Marks Act, 1940, would not be applicable to those goods. It had been suggested that this was a somewhat anomalous position and was bound to be disadvantageous from the point of view of both the Trade Mark Registries and the general public, and that section 64 (*d*) of the Act should therefore be amended so as to make the Rules referred to applicable to all textile goods, whether piecegoods or not. The following amendment was proposed to meet the point.

(*i*) Section 64 with clauses (*a*) to (*c*) to be renumbered sub-section (1) of that section and (*ii*) clause (*d*) to be made into sub-section (2) of that section, to run as follows:

> "The registration of letters or numerals or any combination thereof in respect of textile goods shall be subject to such conditions and restrictions as may be prescribed."

The Committee informed the Associated Chambers that they agreed that section 64 should be amended so as to make the rules applicable to all textile goods whether piecegoods or not, and supported the above amendment.

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## TRADE MARKS ACT AND INDIAN STATES.

As the Trade Marks Act had been brought into operation in British India, the Committee in August 1942 suggested to the Associated Chambers of Commerce of India that representations might be made to Government with a view to obtaining the introduction of similar legislation in the principal Native States in India. Travancore State had already passed corresponding legislation.

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## REGISTRATION OF THE ROYAL COAT-OF-ARMS AS A TRADE MARK.

The question of prohibiting the use of the Royal Coat-of-Arms as a Trade Mark was referred to the Chamber by a member during November, 1942 when it was pointed out that the Bombay

Registrar of Trade Marks had drawn a firms' attention to section 69 of the Trade Marks Act, which entitled the Registrar among other persons, to restrain the use of the Royal Coat-of-Arms or any device, emblem or title connected with His Majesty's Government or the Central Government or any Provincial Government. It appeared that the firm in question had employed as their principal trade mark in British India the Royal Coat-of-Arms and did a very substantial business throughout India in an article bearing this device. This mark had been used by the firm before the beginning of the century. They had declared their title to it as long ago as 1916.

In expressing their views, the Committee stated that section 69 of the Act clearly referred to persons using the Royal Coat-of-Arms as a trade mark without due authority. If a firm had this authority, the Registrar could not restrain them from using it.

The Committee considered that there should be power to restrain any person from using the Royal Coat-of-Arms without due authority and were not prepared to recommend an amendment to section 69 of the Act.

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## STANDARDS OF WEIGHT THROUGHOUT INDIA.

(*See Reports* 1936, *page* 251 ; 1939, *page* 91.)

By a notification No. 33-C (6)/37-A dated 13th June 1942 the Government of India, Commerce Department, in pursuance of sub-section (3) of section 1 of the Standard of Weight Act, IX of 1939, appointed the 1st July 1942 as the date on which the said Act should come into force. The Government of India also published the rules made by them under the Act. These were notified on page 1012 of the *Gazette of India*, Part I, dated 13th June 1942.

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## MOTOR VEHICLES ACT, 1939.

### Proposed Amendment.

In November 1941 a Bill was introduced in the Legislative Assembly for the amendment of the Motor Vehicles Act, 1939. The amendment which the Bill sought to make fell into three groups. The operation of the main Act had disclosed the need of certain minor amendments of substance, which did not affect any of the main principles of the Act but should make for more satisfactory administration ; in some cases the need had arisen

from developments which had taken place since the main Act was passed. There were also amendments of a more or less formal character designed to remedy omissions. Finally, the opportunity was taken to provide for the repeal of transitional provisions which had been rendered obsolete by the passage of time.

The Indian Roads and Transport Development Association submitted several recommendations in connection with the Bill. In addressing the European Group in the Central Legislature in regard to the Bill the Committee stated that, with one or two minor exceptions, these recommendations received their full support.

The Bill was referred to a Select Committee. It was finally passed by the Legislative Assembly and Council of State and received the assent of the Governor General on the 3rd April 1942 (Act XX of 1942.)

## MOTOR VEHICLES FITTED WITH PRODUCER GAS PLANT.

### Draft Rules.

In August 1942, in exercise of the powers conferred by sections 41 and 70 of the Motor Vehicles Act, 1939, the Government of Bombay, Home Department, published a draft of certain special rules for motor vehicles fitted with producer gas plant.

The Chamber supported a memorandum submitted to the Government of Bombay by the Indian Roads and Transport Development Association Ltd., and drew Government's attention particularly to Rule 185-J (3) which prescribed that no generator should be so placed that any part of the generator was within a distance of less than

(*a*) two feet from any part of the petrol tank,

(*b*) four feet from the filling point or orifice of the petrol tank.

In the opinion of the Committee the conditions imposed by this rule were so restricted as effectively to prevent full use being made of the potentialities of gas producer transport in Bombay.

## POWER ALCOHOL.

In July 1942 the attention of members was drawn to the underquoted extract from the May issue of the *Monthly News Letter* of the Indian Roads and Transport Development

Association Ltd., reproducing a *communique* issued by the Government of India offering assistance in obtaining priorities for the supply and shipment of power alcohol plants from America :—

"In view of the present war situation, it is becoming increasingly necessary to augment the existing supplies of motor spirit by the domestic production of rectified spirit and power alcohol from surplus molasses, says a *communique* issued by the Government of India in the middle of May. The Government of India understand that, while the plant necessary for the manufacture of rectified spirits can be produced in this country, plants for the production of power alcohol have to be imported from the United States of America.

The Government of India are prepared to give all possible assistance in obtaining priorities for the supply and shipment of power alcohol plants to individuals and firms in India interested in the speedy production of power alcohol from molasses. All persons who have placed orders abroad for the supply of these plants, as well as those who are contemplating the placing of such orders are, therefore, requested to address the Communications Department of the Government of India urgently through the Provincial Government to take necessary action without any delay. In the case of plants already on order, the particulars should include the location of the plant, the date of placing the order, the name of the supplier, a brief description of the plant ordered, the price, and whether import and exchange control permits have been obtained. In other cases, information should be furnished regarding the proposed location, capacity and estimated cost of the plant required.

It must be clearly understood, however, that from the point of view of distribution and marketing it is necessary that alcohol plants should be located in an area which can be served with one type of alcohol-petrol mixture ; and, in granting priorities, this factor will be taken into account. For instance, priority will not be given for the import of a power alcohol plant intended for erection in an area in which it is found to be more convenient and expeditious to proceed with plans for the production of rectified spirit in Indian-made plants.

As regards plants for the production of rectified spirit, intending producers should similarly apply to the Communications Department through the Provincial Government concerned, giving particulars of the locality and capacity of the proposed plant and of the quantities of copper, iron and steel of different categories which they will require. Great difficulty will be experienced in obtaining supplies of steel plates ; and fermentation and other tanks required in connection with the plants must, as far as possible, be designed in some other material, as, for example, concrete or timber."

In September 1942 the Committee considered a draft Bill published by the Government of Bombay to provide for regulating the manufacture of power alcohol and for the compulsory admixture of power alcohol with petrol for use as motor fuel in the Province of Bombay. In a Press Note issued by the Government of Bombay, at the time the Bill was published, Government pointed out that the question of manufacture of power alcohol from molasses for admixture with straight petrol as motor fuel had been engaging their attention for a long time. Owing to petrol rationing the question of manufacture of power alcohol had been receiving the attention of several firms and enquiries had been received from several sugar companies as to the prospects of obtaining permission to make power alcohol.

After careful consideration, Government stated that they had come to the conclusion that the manufacture and distribution of power alcohol mixed with straight petrol by private companies should be encouraged with a view to the establishment of a very important supplementary industry and for the immediate purposes of conserving supplies of straight petrol for vital defence requirements. Provision had, therefore, been made in the Bill for the regulation and control of the production and distribution of power alcohol by the insertion of additional conditions in licenses granted under the Bombay Abkari Act, 1878, for the manufacture of power alcohol, for the denaturing and sale of such power alcohol to the Government of Bombay and no other person at a specified price, for the prohibition of sale of petrol, except with an admixture of power alcohol in the proportion fixed by the Government, and for notifying power alcohol containing 95 per cent or more of ethanol for any area, for the licensing of persons who were to carry on the operation of mixing power alcohol with petrol or petroleum, for the prohibition of the use of petrol for providing motive power for any motor vehicle without admixture with power alcohol and for the provision of sale of petrol without such admixture under licence under certain conditions. The other clauses of the Bill contained the usual provisions dealing with the administration of the Act, the prescription of penalties and the power to make rules and the like matters.

In submitting their views to the Government of Bombay on the Bill the Committee stated that they had noted that the definition of power alcohol in Chapter I, section 3 (5) was as under :

"Means ethylalcohol containing not less than 95 per cent. by volume of ethanol measured at 60° F."

It was understood that within this definition came not only the grade of carbo-hydrate commonly known as power alcohol, which was accepted as at least 99.5 per cent anhydrous, but also, what would commonly be classed as a "rectified spirit." It was the understanding of the Committee that, whereas power alcohol as described above, had been in frequent use in many countries prior to and during the war as a motor fuel when mixed with petrol, and was generally, when thus mixed up to a percentage of 20 or thereabouts, a satisfactory fuel for motor vehicles, the same did not apply to rectified spirit, the use of which, either straight or with an admixture of petrol, could only be regarded as a definitely inferior fuel and unsuitable for use in motor vehicles, except during emergency periods when other fuels might be quite unobtainable.

It was understood further that the production of rectified spirit was only suggested because plant was not available at the present time for the production of the normal grades of power alcohol.

The Committee suggested that it seemed desirable that legislation to enforce the use of power alcohol mixtures should be confined, in the wording of the Bill, to the use of the higher grade power alcohol, that is a minimum of 99.5 per cent. anhydrous and that, if it was considered desirable, as a war measure to enforce or allow the use of the inferior rectified spirit, then its use should be enforced or allowed only by special emergency enactment, and it should not form a part of permanent legislation.

Subsequently the Chamber received through the Associated Chambers a copy of the recommendations made by the Power Alcohol Conference convened by the Government of India, Department of Commerce, on the 21st of July 1942. In dealing with this matter, the Committee drew the attention of the Associated Chambers to the Bill published by the Government of Bombay and forwarded to the Association a copy of the Chamber's recommendations to Government together with a copy of the Press Note issued by Government. The Committee emphasized that they considered it desirable that legislation of this nature should be undertaken centrally.

The Bombay Bill, after receiving the assent of the Governor-General, was finally published in the *Bombay Government Gazette* on the 17th December 1942 (Bombay Act XXIII of 1942). The Act as passed contained the following definition of "power alcohol" :—

(5) "power alcohol" means alcohol containing not less than 99.5 per cent. by volume of pure ethyl alcohol measured at sixty degrees Fahrenheit :

Provided that the Provincial Government may, by notification in the Official *Gazette*, declare for any area that power alcohol shall mean alcohol containing such percentage of pure ethyl alcohol not being less than 96.7 per cent. by volume as may be specified in the notification.

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## SPEEDING UP OF THE TURN-ROUND OF SHIPPING.

### Abolition of Customs Penalty Fees for Working Vessels on Sundays.

(*See Report* 1940, *page* 31.)

In September 1940 the Committee of the Chamber, in welcoming the reduction by 50 per cent. of the penalty fees levied by the Customs authorities for overtime work on Sundays and close holidays, asked for an assurance that the balance of the fees levied by the Customs on vessels working cargoes on such days represented actual costs incurred and not penalty fees. The Collector informed the Committee that the Government of India declined to make any addition to their previous statement, i.e.. that the decision in regard to the reduction in fees was arrived

at after full consideration of all factors involved including the expenditure debitable to the proceeds of these fees. The Committee decided to await a suitable opportunity to take the matter up again.

In February 1942 the Associated Chambers of Commerce of India requested the views of this Chamber on a suggestion of the Madras Chamber that the Association should move the Government of India for the complete abolition of the penalty fee. The Committee fully supported the suggestion of the Madras Chamber.

On the 15th July 1942 the Collector of Customs issued a notice to the effect that the Government of India had decided that the levy of penalty fees for working cargoes on Sundays and closed holidays should be suspended for the duration of the war. This decision took effect on and from 19th July 1942.

## CLOSING OF THE CUSTOM HOUSE ON BANK HOLIDAYS.

(*See Report* 1941, *page* 99.)

It was recorded in the Chamber's Report for 1941 that the Committee had recommended to the Central Board of Revenue that if Government were not prepared to continue with the previous arrangement of keeping all departments of the Custom House fully open on Bank holidays from 10-30 a.m. to 2-30 p.m. the Custom House should at least remain open on all holidays other than holidays under Charter Parties.

The Central Board of Revenue in reply observed that the original complaint in regard to the Custom House holidays arose from the fact that during Easter 1941, holidays were observed on 5 days consecutively. The Board considered that under existing conditions such a series of holidays ought to be avoided and orders had accordingly been issued that no more than two days consecutively (including Sundays) might be observed as holidays.

Even on holidays, however, provision was regularly made for urgent work. So far as concerns outdoor work, the Preventive staff was always available on prior notice being given; and, except on "closed" holidays, provision was made for a small staff at the Custom House to attend to urgent duties. There was also a resident Assistant Collector available at all times.

The Central Board of Revenue stated that experience gained since June 1941 of the Custom House being kept fully staffed during certain hours on gazetted holidays showed that when the banks and the majority of business houses were closed there were

very few customs transactions of a regular character and none which could not be dealt with adequately by a staff posted on a "holiday" scale.

The Board added that it was anxious that everything possible should be done to enable the shipment and landing of goods to be carried out without delay, so as to facilitate quick turn-round of shipping. The Collector of Customs had accordingly been instructed that before sanctioning any Custom House holiday (in the sense that only a small indoor staff was provided, and that outdoor staff required by merchants attended only on requisition) he should have regard to the needs of shipping. Subject to this, however, the Board considered that the staff as a whole should not be deprived unnecessarily of facilities for the customary observance of religious rites, etc., on the festival days of the several communities for the purpose of which certain days were gazetted as holidays.

The Board suggested that, if it was felt that the existing Customs holiday arrangement was inadequate or if on any particular gazetted holiday which it was proposed by the Custom House to treat as such, it was anticipated that business conditions would require the Custom House to be staffed fully, the Chamber should notify the Collector of Customs accordingly.

In February 1942 the Government of Bombay announced a reduction in the number of gazetted holidays in 1942 from 28 to 19.

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## IMPORTS OF QUOTA GOODS FROM THE UNITED STATES OF AMERICA.

In August 1942 the Associated Chambers asked for the views and experience of this Chamber in regard to obtaining licences for the import of quota goods from the U.S.A. It appeared that in certain ports the Controller of Imports would not grant licences until the American firm concerned had accepted the order; and the firm on the other hand could not waste time on orders for which licences might not be forthcoming.

The system adopted in Bombay was as follows:—

Licences in the first instance were issued provisionally, i.e., with a rubber stamp stating that "this licence is provisional and will be confirmed on production of evidence of actual placing of the order and acceptance thereof." It was open to importers after they had established their quotas to collect their provisional licences, particulars whereof were also sent to the Chief Controller of Imports, Simla, weekly for his information and communication to the Board of Trade or Indian Supply Mission by fast

air mail. Thereafter, if the importer concerned satisfied the Bombay Import Trade Controller that the order had been placed and accepted, the clause regarding the provisional nature of the licence was deleted and the same was rubber-stamped "confirmed." This was also conveyed to the Chief Controller of Imports for his information.

The Associated Chambers was informed that this system worked very satisfactorily in Bombay and the Committee suggested that Import Trade Controllers in other ports should be requested to adopt the same procedure.

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## IMPORT LICENCES FOR CHEMICALS, DRUGS AND MEDICINES.

In September 1942 the attention of the Chamber was drawn to the difficulties experienced by importers in obtaining import licences for chemicals, drugs and medicines imported from the United Kingdom, the United States of America, Australia, Canada and Newfoundland. This was partly due to the inordinate delay of Government in deciding

(*a*) What chemicals or drugs they considered essential;

(*b*) The procedure to be adopted, and the authority to whom application was to be made in respect of import permits.

There were also strong criticisms against the procedure contemplated in a new form of application.

Some of the objectionable features in this form were :—

(*i*) The submission of the estimated gross and net weight of the article to be imported (Question 7);

(*ii*) Giving information regarding stocks for sale to the public (Question 13);

(*iii*) Giving the position of existing stocks (Question 13);

(*iv*) Submitting special reasons justifying the (*a*) supply, (*b*) import from proposed source, (*c*) nature and degree of urgency (Question 14).

The above questions read as follows :—

7. Estimated gross weight (with packing) in tons (of 2,240 lbs.) and lbs. .....

13. Purpose for which goods are required (showing their importance for the war effort or for the maintenance of civil population on war-time basis :

(*a*) To comply with orders of any Government Department (e.g., for Defence or other Supplies) or other actual users.....

(*i*) The names of Government Departments, or of other actual users, as the case may be should be given.....

(*ii*) Precise use to which the goods will be put by actual users other than Government Departments.....

(*iii*) It should be stated whether orders have already been placed by actual users for compliance or whether it is only expected that orders would be obtained in future. In the latter case please state the extent of your supplies during the year ending 31st March 1942.....

(*b*) For use in applicant's own factories and mills :—

(*i*) Erection of additional plant. (The need for the additions should be explained).....

(*ii*) Maintenance of existing plant.....

(*iii*) As raw material for consumption in an industrial process for the manufacture of a commodity, if so, name commodity. (The average annual consumption for the same purpose in the preceding two years should be stated.).....

(*c*) Stock for sale to the public.....

(*i*) Existing stock.....

(*ii*) Period for which existing stock is considered sufficient.....

(*iii*) Value (in rupees) of sales during 12 months ending 31st March 1942.....

14. Special reasons justifying :

(*a*) supply.....

(*b*) import from proposed source.....

(*c*) nature and degree of urgency.....

The Committee addressed the Commerce Department of the Government of India drawing attention to various important points in connection with the above matter. Dealing first with the application form, the Committee commented as under :—

This form generally needed revision and simplification, and the compilation of the figures required under some of the headings, besides involving importers in a great deal of laborious work, was quite irrelevant to the points at issue and of no value whatsoever to Government for the purposes of import control, which control the Committee submitted must take into account the actual vital needs of India under present war conditions, not only as concerned the civilian population but also as concerned the armed forces.

The Committee considered that questions 1/6 and 8/12 might stand, though 10, 11 and 12 could be combined into one item. Question 7, they submitted, was of no value and quite irrelevant. Gross and net weights varied with every article and, if it was a question of shipping space, the cubic capacity was the only point of importance.

Question 13 might be simplified and (*a*) (*iii*) deleted.

Under 13 (*c*) importers were required to give information with regard to stocks for sale to the public, but on reading this question with 13 (*a*) it was difficult to follow what was the purpose of it and it appeared to be redundant. It also seemed to the Committee that it could not apply to any sales made by importers to the great majority of their buyers, namely, bazaar dealers, chemists, hospitals, chemical manufacturers, municipalities, dispensaries, local boards and Government and semi-Government departments, etc. Apart from this Item 13 (*c*) (*i*) " Existing stock "—appeared to be entirely irrelevant. Whatever the existing stock, either of one particular item or of all drugs and medicines held by a particular importer, this might have no relation to urgent needs at this particular time, either as concerned the item or the quantity thereof. As an instance, the Committee were given to understand that one firm importing photographic chemicals which were very largely made use of by the military and other Government departments, had been refused a licence to import stocks at Karachi and Madras, though granted at Calcutta, on the ground that imports in previous years into Karachi and Madras were very small. This seemed both illogical and inequitable.

In any event, question 13 (*c*) they felt was out of place altogether in an application for an import permit. It was impossible at the present time to estimate with any accuracy the period of time existing stocks would last. Government indenting departments frequently altered their policy in a very short space of time and placed orders for large quantities without any advance warning whatsoever. Importers of chemicals, drugs, and medicines were required to declare their stocks of certain specified goods to the local Government Medical Stores and, in any event the Committee thought the Director General, Indian Medical Service, was better able to decide whether existing stocks were adequate than was the Import Trade Controller. Again, the value of sales made in this country was not, in the opinion of the Committee, any concern of the Import Trade Controller. Under Item 15 of the Application Form importers were required to declare the quantity and value of similar goods imported during the years ended 31/3/41 and 31/3/42, presumably for the purpose of calculating a quota. The whole of 13(*c*) should, therefore, in their opinion be deleted.

Question 14 appeared to be answered under 13 (*a*) and was therefore redundant.

Questions 15/17 could stand.

*Classification.*—In view of some confusion that had existed on this point, there seemed to be a case for defining fine or pharmaceutical chemicals as " general and pharmaceutical

chemicals in small packings" to differentiate such from heavy chemicals, and the Committee understood that this suggestion made to the Commerce Department, Government of India, by the firms concerned was receiving their favourable consideration.

*Procedure.*—As far as chemicals, drugs and medicines were concerned, in any event, the Committee suggested that it would be preferable for the whole question of import licences, quota and so forth to be dealt with by Import Trade Controllers at the various ports, who should receive clear instructions from the Department as to the procedure and general policy to be followed. If the work should become too much for the present Import Trade Controllers, they suggested that other groups of products might be dealt with by another official, and they understood that this question was also receiving favourable consideration. The Committee strongly urged that this suggestion should be adopted as they felt that not only would more satisfactory results be obtained generally, but matters would be vastly simplified through it being possible for importers to approach the Import Trade Controller on the spot and clear up complicated problems between them.

The Committee also felt that the existing procedure following on the granting of licences needed drastic revision. They understood that at the moment, when a licence was granted, it was notified to the home authorities by "fast air-mail" and at the same time the shippers were advised by the importers in India. It was then necessary for the shipper to advise the importer here in writing that he could execute the order, and on the importer informing the authorities in India of this the latter again confirmed the licence to the Home Government, presumably by mail; it was only after this could the goods be shipped. The resultant delay was obviously so great as to stultify completely the whole business of imports into India, and the Committee suggested that when a licence had been granted and advised to London, shippers should be enabled to take instant action on it, if necessary, on receipt of a cable from importers. As it was, the Committee believed they were correct in saying that this procedure was being adopted in the case of sundry merchandise for which licences were granted by the Import Trade Controller, such as, among others, hardware and other "sundries" goods.

In conclusion, the Committee emphasised the vital necessity of expediting matters, in view of the fact that three months had been lost and that by the new year the supply position as far as many products were concerned would probably be very acute indeed. They also emphasised the importance of adequate supplies of chemicals, drugs and medicines being imported into India (such

not being produced or manufactured in India on a satisfactory scale either as regards quality or quantity,) not only, as stated above, for the needs of the civilian population but also for the greatly increased needs of Government themselves for the armed forces. They felt that Government need not shrink from licensing imports having regard to the all-important question of the needs of India at the present time, as well as that of import statistics covering previous years, since it seemed clear that the very important questions of what supplies were available for export in the United Kingdom, etc., and what shipping was available for their transport (which from one aspect were the overriding factors), were acting and would continue to act as a very effective brake on any excess of imports into India which it might be felt desirable to curtail.

A revised form was issued in November 1942 which was considered as even more complicated than the previous one. The whole question of import licences was discussed with the Chief Controller of Imports when he met the Committee of the Chamber on the 3rd December 1942 and an amended form of application for an import licence was issued subsequently.

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## IMPORT LICENCES FOR TEXTILE MACHINERY AND MILL STORES.

In November 1942 the following joint telegram was despatched to the Commerce Member, New Delhi, by the Millowners' Association, the Indian Merchant's Chamber and the Bombay Chamber of Commerce :—

" Bombay Millowners, Bombay Chamber and Indian Merchants' Chamber request interview with you during your proposed visit Bombay in November to discuss Import Licences particularly for the textile industry other than jute and hemp. At present great difficulties and serious delays being experienced and it is felt the views of the above Associations should be placed before you at the earliest opportunity. Major difficulties are delay in obtaining licences due absence complete Licensing Authority for all items in Bombay. Manufacturing programmes and shipments held up in exporting country due Import Licences not being granted in time valid for a suitable period. Risk of congestion docks due to arrival of goods not permitted to be imported without a licence. Delay in advising Secretary State India and authorities in U.S.A. that Import Licences have been granted. Until official advice given by Controlling Authority in exporting country manufacture cannot commence."

A meeting was held on the 1st of December 1942 between Mr. Ram Chandra, Chief Controller of Imports, and the Priority Assistance Advisory Panel, Cotton Textiles Directorate, on which the Chamber and the other two Associations were represented, when the whole question was fully discussed.

## RESTRICTIONS ON THE EXPORT OF PIECEGOODS.

In suppporting a protest made by the Bombay Millowners' Association against the imposition of additional restrictions on exports of Indian cotton piecegoods and yarns with effect from 1st April 1942 without prior consultation with the industrial interests concerned, the Committee of the Chamber pointed out to the Commerce Department of the Government of India that they were unaware of the reasons underlying these restrictions. Unless there were weighty reasons of which they had no knowledge, they considered it not only desirable but of the greatest importance that complete export facilities to the Middle East, Africa and Australia, should be granted to Indian shippers in order to compensate them in part for their loss of the Far Eastern markets. Failing removal of the existing restrictions prices were bound to crash, causing unemployment in the industry and shrinkage in the consumption of Indian cotton. The Committee expressed a hope that Government would issue early orders to remedy the situation and would keep commercial bodies advised of their future policy in this matter.

In replying to the Chamber's representation the Government of India stated that ever since the promulgation of the freezing order against Japan in July 1941, they had had under consideration the situation arising from a complete cessation of imports of Japanese piecegoods into India. With the imports from the United Kingdom also showing a downward trend, it was apparent that the entire quantity required for consumption within the country would have to be provided by Indian mills, in addition to the large requirements for war purposes. The Government of India had also to take into account the fact that a number of allied and friendly countries which were previously supplied by Japan and the United Kingdom were becoming more and more dependent on India for their requirements. The quantities exported to these countries had in fact shown a very large increase in the course of the last few months. Judging by the volume of applications that were being received by Export Trade Controllers, it was apprehended that exports if left uncontrolled, might increase to such an extent as to create a serious shortage in the quantity available for internal consumption.

In view of the position indicated above the Government of India came to the conclusion that some kind of regulation was necessary in order to safeguard the supplies of piecegoods required for internal consumption and also to ensure that the available surplus was distributed equitably among the export markets dependent on India. It was for this purpose that a quota scheme was put into operation from the 1st April 1942.

The Government of India stated that they realised, however, that owing to certain factors the internal demand for piecegoods had of late shown some decline. They had therefore on further consideration decided to license for export all quantities covered by firm contracts entered into before the 1st April 1942, as and when freight space was obtained for such goods. It was the intention that exports during the remainder of the current quarter ending the 30th June 1942 should as far as possible be limited to such consignments.

With effect from the 1st July 1942, the Government of India proposed to regulate the exports of cotton piecegoods on the basis of a generous quota scheme which would aim at maintaining exports at the maximum possible level consistent with the safeguarding of supplies required for consumption within the country. The Government of India requested therefore that in order to assist in the operation of this scheme, members of the Chamber who were exporters could be advised that in respect of exports to be made after the 30th June, they should apply to the Export Trade Controller, Bombay, for licences as soon as they had entered into contracts, subject to freight and licence, and before they entered into commitments within India against such contracts. This change in procedure was intended to make things easier for shippers by putting them in a position to obtain licences before undertaking the manufacture or purchase of goods for export, and it was hoped that the fullest advantage would be taken of the revised procedure.

Members interested were duly informed to this effect.

In July 1942, however, the Export Trade Controller, Bombay, issued a notice intimating that the unrestricted exports of cotton piecegoods which had so far been permitted by Government had led to several undesirable results which the Government desired to remove. The chief among these were (*a*) the submission by shippers of applications for the grant of licences for very large quantities of piecegoods which the shippers could, at no time, reasonably expect to ship, (*b*) as a result of (*a*) the arbitrary reduction by the Export Trade Controller of the quantities for which applications were made and (*c*) the resulting uncertainty and hardship to shippers. In order to avoid these evils the Government of India decided to introduce with effect from 1st of August 1942 the following procedure in connection with the licensing of the export of cotton piecegoods from Bombay.

The Government would determine and communicate to the Export Trade Controller in good time the quantities of cotton piecegoods that could be licensed by the Export Trade Controller

for export to each destination during each quarter. This quota would be distributed by the Export Trade Controller on a monthly basis. The allotment of this quota among shippers would be made by the Export Trade Controller on the basis of the exports made to the destinations concerned during 1941-42. Shippers might reasonably expect to obtain licences for the export of cotton piecegoods in 1942-43 to the extent of a very fair percentage of their export during 1941-42 to the same destination or destinations. Licences would be granted roughly in the proportion of 50/50, as between bleached, coloured and dyed piecegoods on the one hand and greys on the other.

The following procedure governing the submission of applications for and the grant of licences was laid down :—

Applications for shipment during a month should be submitted by shippers to the Export Trade Controller as soon as they have entered or were about to enter into a contract subject to freight and licence and in any case before they proposed to enter into a counter-transaction in India. The application should contain a general description of the goods and indicate whether they were grey or coloured, printed or bleached. The particulars of shipments made by the applicant during the year 1941-42 to the destination concerned should be shown on the reverse of the triplicate copy of the application and in the event of the applicant having made no such shipment to that destination in that year particulars of shipments made by him to countries to which exports were no longer possible owing to enemy occupation might be shown. This application should be presented in the Export Trade Controller's office in the triplicate form which was in use together with the prescribed register and also the evidence of contract, etc., relating to the particular transaction. After the application and the evidence of sale were duly checked in Export Trade Controller's office, a licence would be granted or refused as the case might be by the Export Trade Controller. This licence should be produced by the shipper along with the shipping bill at the time of shipment. Licences granted under this procedure would ordinarily be valid for 4 months from date of issue. On each occasion that the register was produced by the shipper in the office of the Export Trade Controller the office seal would be affixed to it in token of such production.

As the above notice contained several objectionable features and was likely to present to shippers even more difficulty and inconvenience than they had previously experienced, it was proposed at first to address the Export Trade Controller but while the letter was in course of drafting, the Committee were informed that Mr. G. Swaminathan, Under Secretary to the Government of India, Department of Commerce, would be visiting Bombay in connection with the matter. A special Sub-Committee consequently met MR. SWAMINATHAN who was accompanied by MR. M. H. ISMAIL, Export Trade Controller, Bombay, on the 5th September 1942 and fully discussed the whole question with them. In view of Mr. Swaminathan's answers to various questions put to him, the Committee decided not to address the Export Trade Controller as they had originally proposed.

## SHIPMENT OF CIGARETTES EX-BOND TO KATHIAWAR PORTS BY COUNTRY CRAFT.

The refusal of the Customs to permit ex-bond cigarettes and/or Tobaccos by country craft was referred to the Chamber by a member during December 1942. Due to the scarcity of steamers for Kathiawar ports, the member requested the Bond Department of the Customs to permit them to ship ex-bond by country craft. The Customs Authorities stated that in accordance with the orders of the Government of India, Finance Department (Central Revenues), ex-bond shipment of bond manufactured cigarettes, tobacco, etc., from Bombay to the ports in the Maritime States of Kathiawar other than the ports belonging to the States of Baroda and Janjira without payment of duty was permissible by steamers only.

In considering the matter the Committee expressed the opinion that to allow bonded goods to be shipped in country craft would be a direct inducement to smuggling, and they did not regard as unreasonable Government's refusal to permit shipments ex-bond by country craft.

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## SUGAR INDUSTRY (PROTECTION) ACT, 1932.

In April 1942 a private Bill was introduced in the Legislative Assembly which had for its object the repealing of the Sugar Industry (Protection) Act, XII of 1932. In June 1942 the Government of Bombay requested the views of the Chamber on the Bill.

The Committee in reply stated that it was apparent that at the present time the Tariff was a dead letter owing to war conditions and the eclipse of Java. In normal times the Indian sugar industry could not compete with Java on level terms and a repeal of the Act would in all probability kill the Indian trade. Nevertheless, the Committee could not agree that the present was an opportune time for withdrawal of the protection enjoyed by the sugar industry. Whatever the merits or demerits of the Tariff the consumer was undoubtedly benefiting now, because if there had been no Tariff he would probably have had no sugar at all. The Committee suggested therefore that there should be an official announcement advising the sugar industry that they could not expect an indefinite continuance of the present high protective duty and that protection would automatically come to an end within a reasonable period after the conclusion of hostilities unless it had been found possible before then to have the problem re-examined by a Tariff Board.

## TARIFF VALUATIONS.

### Cess on Exports of certain Agricultural Produce.

(*See Reports* 1940, *page* 120 ; 1941, *page* 107.)

The Director-General of Commercial Intelligence and Statistics met members of the Chamber on Friday, the 17th April 1942, and discussed with them his provisional proposals for tariff valuations for 1942-43 in respect of the commodities on which cess was leviable under the Agricultural Produce Cess Act. The new tariff valuations came into force on the 1st July 1942.

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## TARIFF VALUATIONS.

### Imports—Annual Revision.

In accordance with the usual practice the Deputy Economic Adviser to the Government of India met representatives of the Chamber on Thursday, 12th November 1942, and discussed with them his provisional proposals for import tariff valuations for the year 1943.

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## ENDORSEMENTS ON RAILWAY RECEIPTS.

During November 1942 a complaint was received from a member in regard to faulty endorsements made on railway receipts. The member stated that when booking sound, well packed articles, which in all respects conformed to the standard packing according to Railway Tariff, the railway booking offices often in case of bagged cargo described them on the railway receipts as " old and torn " " bagging weak and leaking," etc., and in the case of other packages as " dented and broken " or " drums rusty and contents leaking," etc. The member contended that the above mentioned endorsements on the railway receipts vitally affected the interests of the trade in general and serious inconvenience with insurance companies and underwriters was also being incurred.

The member stated that the following difficulties were being experienced.

When articles were sent to the booking office of the Railways, the booking clerk mostly insisted on making out the railway receipt with endorsements such as described above. If a clean railway receipt was insisted upon, when the package offered was absolutely sound, the request was either rejected or the consignor was told that the goods would not be despatched as

the booking was closed for the respective destination ; consequently the consignor had to yield to unjustifiable decisions, if they wanted to have their goods despatched.

As a result, if damage or loss occurred during transit, the Railways declined responsibility and the claim, when lodged with the insurance companies, was rejected on the ground that the articles had been accepted by the Railways only under one or other of the endorsements mentioned above.

On referring the matter to the Docks and Railways Sub-Committee, the Chief Traffic Manager, G. I. P. Railway, who was Chairman of the Sub-Committee, forwarded to the Chamber a memorandum showing the steps taken by his Railway to ensure that risk note form "A" was only demanded where circumstances warranted it. The following extracts from the memorandum are reproduced for purposes of record :—

The Railway Board, by their letter No. 488-T of 25th October 1933, drew the attention of Railways to complaints received from various commercial bodies for demand by the staff of risk note " A " for trivial reasons, and as a measure to prevent abuse of risk note " A," they suggested that the following steps be taken in that direction :—

(1) To make periodical examinations as to whether risk note form " A " is being demanded by the staff without sufficient cause.

(2) To consider what other action might suitably be taken to ensure that this risk note is not demanded without sufficient cause.

(3) To issue special instructions to the staff to guide them in demanding risk notes for commodities for which special packing conditions are not laid down.

(4) To review the policy which is adopted in dealing with claims on traffic carried under risk note form " A," i.e. whether such claims are repudiated automatically, or whether enquiries are made to ascertain if the loss or damage complained of was actually due to the inadequacy of the packing as described in the risk note.

Orders regarding the execution of risk notes (Order No. 53 of the Traffic Instructions Book) were considered to be comprehensive and adequate, and it was felt that if these orders were correctly carried out, abuse of risk note " A " could be eradicated, and what therefore was necessary was to educate the staff in the matter of correctly demanding risk note " A." Accordingly, instructions were issued to Divl. Traffic Managers and Goods Superintendent, Wadi Bunder, wherein it was emphasized that condition of booked consignments on hand should be checked with risk notes taken to see if they were reasonably demanded. Divl. Traffic Managers, District Commercial Inspectors and Asst. District Commercial Inspectors were required to specify the number of consignments so checked with their results in the monthly and six-monthly reports, which is being done.

Our policy has always been only to demand risk note in form " A " when the execution of such a risk note is warranted by the condition of a consignment or its packing and to repudiate claims for losses directly attributable to defective packing. Protests against such repudiation have been 10 per cent., but these, after explanation, were withdrawn. Specific cases of needlessly demanding risk note " A " when reported have been investigated and taken up with the staff. If consignors have a grievance, all that they

have to do is to report to the Station Master on duty at up-country stations, to Divisional Traffic Managers if booking stations happen to be at their headquarter stations, and to the Goods Superintendent, Wadi Bunder, so far as depots in Bombay are concerned, when investigations can be carried out on the spot and staff, if in the wrong, put right.

On behalf of the B. B. & C. I. Railway, it was stated that the Deputy in charge of claims had from time to time examined packages for which risk notes had been demanded and in 9 out of 16 cases, the demand had been found to be justified. In every case the inspection was carried out jointly, with a representative of the firm tendering the consignment.

In submitting these views together with the memorandum to the member concerned, the Committee added that if the Railways abided by their own regulations, there should be no cause for dissatisfaction and they therefore decided to take no further action, unless there was a recurrence of the trouble.

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## RAILWAY BOOKING OF "SMALLS" AND NOMINATED LOADING.

Under the conditions formerly existing the clubbing of railway traffic was permitted, i.e., the minimum weights allowed might be distributed over up to three consignments from one sender to the same or different consignees, but at the same destination station. In June 1942 the Chief Traffic Manager of the G.I.P. Railway informed the Chamber that the question was under consideration as to whether this arrangement should not be extended to permit consignments from different senders to be clubbed together for the purpose of rating such consignments at wagon-load rates. In requesting the Chamber's views on the proposal the Chief Traffic Manager stated that it had been observed that the existing clubbing condition was scarcely ever used, and the suggested extension, if arranged, would perhaps be utilised even less. It would involve merchants at the forwarding station and dealing in the same commodity having to get together to make up a wagon load. It was conceivable that they would in many instances be trade competitors, and it might be difficult to get them to join hands in this way. If the station staff were permitted to arrange such clubbing of consignments where senders themselves did not arrange it in order that wagon-load rates might be applied, there certainly would occur disputes and allegations of favouritism or undue preference being shown to one or more merchants as against another or others. Difficulty was also apprehended in working the proposal at forwarding stations, especially the larger depots, since arrangements would be necessary to keep the various consignments together in order to link them up. Consignments would normally perhaps be

brought in at various times and, as such, special stacking might be difficult. Again, one sender might bring in his consignment considerably before the others, and, if this was detained in order to get a completed wagon load with consignments of other merchants, there would definitely arise the question of wharfage to be charged. In the event of the total weight of all consignments being less than the minimum prescribed (and this could only be ascertained after a fair amount of waiting) there would be disputes as to who should pay for the balance. In short, the suggestion seemed to involve a degree of co-operation and mutual accommodation between merchants which, though the proposal presupposed this would be forthcoming, might be doubtful of achievement.

The Committee informed the Chief Traffic Manager that whilst they realised certain of the difficulties to which he referred might arise, they considered the proposal should be given a trial. The Committee suggested however that it should be left to the senders to carry out the clubbing and the making up of wagon-loads, thus obviating much of the difficulty envisaged.

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## CANCELLATIONS OF BOOKING AT STATIONS WITHIN 40 MILES RADIUS OF AHMEDABAD.

During November 1942 the Chamber's attention was drawn to an order which had been passed by the B.B. & C.I. Railway stopping (1) booking to and from those stations that were within a radius of 40 miles from Ahmedabad, and (2) the reconsignment from Ahmedabad and other stations of goods that were not manufactured at those stations. It was pointed out that as Ahmedabad was to a large extent a distributing centre, these orders would impose considerable hardship on the merchants in the city and would result in increase of prices. Furthermore, the lack of suitable roads and the rationing of petrol added to the difficulties.

On referring the matter to the railway authorities, the Committee were advised that these orders had been issued with the approval of the Regional Controller of Priorities. It was explained that the reason for the first order was to save the use of goods wagons on such traffic when they were urgently required for more essential long-distance traffic. There were many places 40 miles and more from a railway station which had to be served by road and it appeared reasonable to serve such places by road even when a railway connection was available, in order to save wagon usage. The order regarding reconsignment was also made with a view to induce despatchers to send goods direct to the ultimate destination instead of to a particular centre for subsequent re-consignment, which course naturally involved greater wagon usage.

## CONGESTION IN INWARD SHEDS AT WADI BUNDER.

With a view to clearing the congestion of the inward sheds at Wadi Bunder and so helping in the quick unloading and turn round of wagons, the G.I.P. Railway in December 1941, offered to employ additional staff and effect deliveries on Sundays provided they obtained the co-operation of the trade in arranging for godowns to be kept open and in removing the goods from the railway premises on Sundays and holidays. At first it was thought that the requirements of the Shops and Establishments and the Factories Acts might interfere with Sunday working but in replying to a reference from the Board of Transport, the Political and Services Department of the Government of Bombay stated that so far as the Factories Act was concerned, persons engaged by factories for transport purposes or in connection with loading and unloading at railway yards were not governed by restrictions laid down in that Act. As regards the Shops Act, sections 4 (1) (*c*) and 4 (1) (*d*) of the Act specifically exempted persons exclusively engaged in preparatory or complementary work such as clearing or forwarding clerks responsible for the despatch of goods by rail, or persons exclusively employed in the collection, delivery or conveyance of goods from the provisions of the Act. Besides, the Act did not require the closure of an establishment on Sunday or any other day. There was, therefore, no apparent reason why the merchants should not be able to do any loading or unloading on Sundays and holidays at Wadi Bunder because of the operation of these Acts.

The Committee informed the Traffic Manager of the G.I.P. Railway that on receipt of advice from him that he had put on additional staff to enable the public to take delivery of goods on Sundays and holidays from the Wadi Bunder Goods Depot all members of the Chamber would be recommended to give their full co-operation.

The Chamber was subsequently informed that with effect from Sunday, 15th March 1942, the inward goods shed at Wadi Bunder would be opened for Sunday delivery and that Sundays would continue to be treated *dies non* for wharfage.

In May 1942 the Chief Traffic Manager reported that the response had been exceedingly poor. At that time inward traffic to Wadi Bunder was not brisk, and could be cleared in the normal way, and it was not, therefore, proposed to alter the status of Sundays in regard to wharfage charges. Inward traffic fluctuated, however, and if at any time despatches to Wadi Bunder increased necessitating prompt clearance of goods, it would be necessary to cancel Sundays as a *dies non* for wharfage. It was intimated that notice would be given to the trade of any such decision, but it was anticipated that it would not be possible to give any lengthy notice.

In November 1942 the Chief Traffic Manager intimated that as the mercantile community's response to this facility was still very poor the Board of Transport had suggested that orders to treat Sundays as *dies non* should be cancelled as early as possible, but, in the hope that this step might still be averted, the Chief Traffic Manager devised the following *via media* which would take effect on and from 1st December 1942 :—

(1) Deliveries on Sundays would be effected only between 8 to 16 o'clock.

(2) Goods made available for delivery up to 14 o'clock on a Sunday would be allowed to remain free of wharfage only till closing time on the following Monday.

(3) Goods unloaded and linked to the relative documents between 16 o'clock on Saturday and 14 o'clock on Sunday might be cleared before closing time on Monday only, free of wharfage.

## RAILWAY CLASSIFICATION OF GOODS.

### AMENDMENT IN RESPECT OF CERTAIN COMMODITIES.

(*See Report* 1941, *page* 125.)

During the year under review the Chamber was asked by the Indian Railway Conference Association for its views in regard to various proposals which were put up for discussion at the meetings of the Commercial Committee in connection with the amendment of the General Classification of Goods. After consulting the Docks and Railways Sub-Committee in each case, the Committee approved most of the proposals, and except in the cases mentioned below, offered no comments :—

*Ground Ochre and Oxide of Iron* (*January* 1942).—The East Indian Railway proposed to place the following draft resolution before the Commercial Committee :—

"The Commercial Committee recommend that the 'Sub-heads'—'Ochre' and 'Oxide of Iron' under the head 'Earths, N.O.C.' be altered to read 'Ochre, crude as mined' and 'Oxide of Iron, crude, unground' and that the entries 'Ochre—N.O.C.' and 'Oxide of Iron—N.O.C.' be included in the list indexed to Colours and Dyes—Divn. B."

The Commercial Committee also recommend that the sub-head 'Ochre' as shown against Hiramji, Hirmij, Kavi Powder or Cairoo and Kavy, as shown in Appendix to Chapter VII at pages 501 and 502 of I.R.C.A. Goods Tariff No. 24, be substituted by "Ochre, Crude as mined."

It was stated that the prices of the refined powders ranged from Rs. 370 to Rs. 430 per ton as compared with Rs. 23 to Rs. 34 per ton for Crude Oxides or Ochres. These prices were not,

however, borne out by the following figures which were supplied to the Chamber by one of the largest sellers of these products in India :—

| | |
|---|---|
| Crude ochre (yellow and red) .. | Rs. 5 to Rs. 30 per ton. |
| Processed ochre (yellow and red) .. | Rs. 25 to Rs. 170 per ton. |
| Crude oxide .. .. .. .. | Rs. 7 to Rs. 10 per ton. |
| Processed oxide .. .. .. | Rs. 30 to Rs. 100 per ton. |

The highest prices mentioned for the processed commodity were for the most expensive qualities sold, but such sales were limited and the bulk of Indian business was in low qualities valued at between Rs. 15 and Rs. 65 per ton. Certainly, very little business was done at over the rupee-100 mark.

The Chief Commercial Manager, E. I. Railway, stated that the average value of refined ochre and oxide was Rs. 400 per ton and crude Rs. 28½, i.e., the value of refined was 14 times that of crude and therefore, the rate should be increased from .38 pie per maund mile to .58—an increase of .20.

The information furnished to the Chamber was that the average values of the bulk of the traffic were Rs. 50 refined and Rs. 17½ crude, i.e., the value of refined was only 2.86 times that of crude.

In forwarding the above particulars to the Indian Railway Conference Association, the Committee pointed out that if the rate should be increased .20 pie per maund mile if the value of refined were 14 times that of crude, the increase should be only .04 pie if the value of refined was only 2.86 times that of crude.

In view of the foregoing the Committee stated they were unable to support the resolution to be placed before the Commercial Committee.

*Mineral Sands* (*April* 1942).—The Indian Railway Conference Association requested the views of the Chamber on the following draft resolution which the South Indian Railway proposed to place before the Commercial Committee :—

" The Commercial Committee recommend that the following commodities be classified as shown below :—

| | |
|---|---|
| Ilmenite .. .. .. | be indexed to Ores, common, n.o.c. |
| Zircon .. .. .. | |
| Celestite .. .. .. | 1 R.R. |
| Rutile .. .. .. | 6 R.R." |

The Committee of the Chamber in reply stated that in their opinion ilmenite, zircon and celestite should be indexed to the entry Ores, common, n.o.c. They considered, however, that rutile should be classified 8 R.R. as it was more costly than nickel which received this classification.

*Art Pottery* (*June* 1942).—The Indian Railway Conference Association asked for the views of the Chamber on a suggestion of the Director of Industries and Commerce, U.P., Cawnpore, that the railway freight rates on pottery should be reduced by at least 50 per cent.

The Committee in reply stated that they considered there was no justification for any reduction in rates for small consignments or parcels especially when there was a general shortage of wagons and room in passenger trains.

*Packing condition for Iron and Steel* (*October* 1942).—The Chief Traffic Manager, B. B. & C. I. Railway, informed the Indian Railway Conference Association that there were a large number of articles indexed to Iron and Steel, Divisions A and B, and the packing condition " P/6 " which was attached to these entries in the General Classification of Goods was, as would be observed from the following, restricted to articles made of cast iron only ;

" P/6. If of cast iron, must be securely packed in crates bound with rope."

There was no packing condition for iron and steel articles (other than cast iron articles) indexed to Divisions A and B, nor to articles indexed to Iron and Steel—Division C, and consequently much difficulty was being experienced in regard to small pieces of bars, rods, tubes, etc., despatched in bundles inadequately secured. It was, therefore, proposed to introduce a packing condition on the B. B. & C. I. Railway, and the following notification was being issued :—

" *Packing conditions for Iron and Steel—Divisions A, B and C.*—Bars, rods, tubes and any other similar articles (except scrap iron in wagon loads) indexed to Iron and Steel—Divisions A, B and C—when tendered in pieces of less than 4 feet in length must be packed in cases, or crates, or entirely wrapped in strong gunny, and clearly marked by the sender. If not so packed, the articles will not be accepted for carriage."

On being asked by the Indian Railway Conference Association for their views, the Committee stated that they were not in favour of the proposed packing conditions for iron and steel bars, rods, tubes, etc. (other than cast iron). It did not seem a feasible suggestion that the railways should have to specify the weights and sections of material which must be entirely enclosed in gunnies and/or crates. The Committee considered that steel bars and such like goods should be securely tied in bundles but they saw no reason why such goods should be entirely covered in gunny if not packed in crates or cases. Very light and fine sections were ordinarily packed by suppliers so as to protect the material, but it would be impracticable and wasteful to pack heavy sections of semi-finished iron or steel in gunny or crates.

## TRUNK TELEPHONE SERVICE.

During the month of September 1942 the Chamber was asked by the Associated Chambers of Commerce of India for an expression of its views concerning the difficulties experienced by non-official telephone subscribers in obtaining long-distance trunk calls during business hours under existing conditions.

Non-official subscribers were finding it virtually impossible to obtain long-distance trunk calls and considering how essential a link the trunk telephone was in business communications, one of the constituent Chambers put forward the following suggestions to the Director-General of Posts and Telegraphs, New Delhi :—

(1) To impress upon the civil and military authorities the need for a more sparing use of priority privileges.

(2) On circuits where there were several trunk lines, to set free one line for a certain period each day for use by the business community.

(3) If suggestion (2) above was not feasible, to ascertain at what times of the day the line was least likely to be congested in or out of ordinary business hours, to allocate the line for business use at such times, and to publish widely the hours of such allocation. It was realised that any such allocation would have to be subject to the overriding demands of the military authorities but a hope was expressed that any time taken up by the military authorities during hours allocated for business use would be compensated when possible.

(4) To investigate whether the congestion in telegraph traffic could not be relieved by using wireless stations for transmission of a part of the traffic.

Government's contention was that while they were fully aware of the difficulties experienced by non-official telephone subscribers under existing conditions, the fact must be acknowledged that throughout the day most of the main trunks were occupied by high priority calls. In regard to the four suggestions submitted to Government, the following remarks were offered in regard to each of them :—

(1) Action had already been taken from time to time to impress upon both the military and the civil authorities the need to use all priority privileges very sparingly.

(2) The existing position with regard to traffic of primary importance to the defence effort of India was such that it was quite impracticable to reserve one circuit (where several existed) for the exclusive use of the business community during certain hours of the day.

(3) The times of the day when traffic was not heavy were shown in the Delhi-Simla Combined Telephone Directory. Actually calls were most easily obtained by the public between the hours of 23-00 and 06-00, but it was presumed that these times were of little material use to the business community.

(4) The suggestion that congestion in telegraph traffic could perhaps be relieved by using wireless stations for transmission had been investigated. It was regretted that such relief could not be afforded as all wireless stations were at the moment overloaded and could not possibly undertake further work. It would be readily realised that practically all these wireless stations were performing a great deal of work of which the public was not generally aware.

While admitting that the existing position was unsatisfactory, the Government drew attention to the Telephone Development scheme which was being undertaken by Government and on completion of which it was hoped that a sufficient number of channels would be available to meet all needs.

In replying to the Associated Chambers the Committee of this Chamber stated that they had no comments to offer in the matter but suggested that the Association might enquire of the Director-General of Posts and Telegraphs in about three months' time as to what progress had been made in connection with the Telephone Development scheme.

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## TELEPHONE CHARGES.

### Message Rate System.

(*See Reports* 1939, *page* 151 ; 1941, *page* 130.)

In April 1942, the Government of Bombay informed the Chamber that a proposal for the introduction of the message rate system of charging for telephone connections operated by the Bombay Telephone Company, Limited, in Bombay, was under the consideration of the Government of India. This system had been in force in Calcutta since 1924 and in Madras since 1930, but the Bombay Company had continued to charge generally at the flat rate with the slight modification that since 1939 subscribers with residential connections had been given the option of paying either at the message rate or at the flat rate.

Government pointed out that a similar proposal was considered in 1926 but the matter was eventually dropped. Introduction of the message rate had become an urgent necessity because since the outbreak of the war, there had been a shortage of spare exchange equipment available with the Company. The flat rate

system of charging offered a direct inducement to subscribers to overload their lines and the average calling rate was, in consequence, very high, being as much as 41 per diem from subscribers connected at the Central Exchange and 29 at the Gell Street, Naigam, and Ghatkopar Exchanges as compared with the average of 8.57 in Calcutta where the message rate system was in force. It would be realised that such high rates imposed an undue strain on the system and led to a greater wear and tear of the equipment. With the introduction of the message rate, it was expected that the calling rate would decrease considerably; thus reducing wear and tear and adding to the life of the exchange equipment. This was an extremely important consideration at the moment.

It was mentioned that the message rate principle was adopted by the British Post Office after very careful consideration of the recommendations of a departmental committee, and of a Select Committee of Parliament. It was generally admitted that the message rate was the most rational system of charging for telephone services, the main advantages of which might be summarised as follows :—(*i*) it provided an equitable basis of charges for the services rendered; (*ii*) it eliminated unnecessary calls, reducing the calling rate and the number of "engaged" calls and thereby improving the efficiency of the service; and (*iii*) by reducing the charges leviable from the small user, it led to a greater development of the telephone service.

It was intended to introduce the above message rate for both business and residential lines. Owing to the lack of a sufficient number of meters which were required for the purpose, it would not be possible to introduce the message rate system immediately for all connections and the message rate scale of charges would therefore have to be introduced by stages. As a first step it was proposed that the message rate scale at present optional, should be applied compulsorily to all residential connections. Subscribers of residential connections who wished to pay at a fixed rate, would, however, be charged at the flat rate applicable to business connections, until the message rate system was applied to the latter. When a sufficient number of meters could be obtained, the message rate would be introduced for business connections also.

It was not expected that the revenue realised from the existing number of connections would be more than that obtained at the moment from them on the flat rate system of charge. The object of the proposal was to introduce a more efficient and equitable system and to make it possible to extend telephone facilities to new subscribers from out of the existing exchange equipment of the Company. Government requested the Chamber's views on the proposal.

The Committee in reply stated that on various occasions in the past they had expressed their preference for the system at present in operation. In view, however, of the reasons given by Government which had influenced them in urging the introduction of the message rate system, the Committee were willing to accept the proposal without demur. They expressed a hope, nevertheless, that when message rates scales were compulsorily applied to all business connections, the rate charged would be kept to as low a figure as possible.

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## THE AIRGRAPH SERVICE.

With effect from the 2nd February 1942 a new form of communication, known as the airgraph service, came into operation. These letters were written or typed on a special form which was photographed at Bombay on a miniature film measuring about half an inch by half an inch. The films were sent throughout by air from India to the United Kingdom where a photographic facsimile of the original letter measuring about five inches by four inches was made from the film and delivered to the addressee by the British Post Office after being enclosed in a cover. The postage for an airgraph letter was three annas if posted by a member of His Majesty's forces stationed in India and fourteen annas (afterwards reduced to eight annas) if posted by a member of the general public. The transit between the time of posting in India and delivery in the United Kingdom was approximately three weeks. A similar service from the United Kingdom to India was introduced in June 1942. In July 1942 the Central Board of Revenue agreed, as an emergency measure, to the acceptance for purposes of assessment by the Customs authorities, of Airgraph invoices in cases where the shippers were unable to despatch the original invoices in time to accompany the cargo.

The Chamber was advised by the Associated Chambers of Commerce of India in October 1942 that an assurance had been received from the Director General of Posts and Telegraphs, that if airgraphs were lost in transit the originals would be re-photographed and fresh negatives transmitted. There would be no additional charge for the second transmission.

Towards the end of October 1942, the Chamber was asked by the Postmaster General, Bombay, for its views on a proposal to utilise the Airgraph Service for small remittances to the U. K., up to the limit of, say, £10 by means of airgraph money orders. The limit of £10 was based on the assumption that anyone wishing to send larger amounts would do so either through a bank or by means of telegraphic money orders.

It was proposed to levy the usual money order commission for ordinary sterling money orders plus a supplementary fee of two annas on every airgraph money order in addition to the usual airgraph fee of eight annas.

The time taken in transit for an airgraph money order would be the same as for airgraph letters to the United Kingdom, viz., between two and three weeks.

The Committee informed the Postmaster General that they were strongly in favour of the proposal. They were of the opinion that the general public would take advantage of the facility, and it should be of considerable help to the members of His Majesty's forces in India.

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## FAULTY REMARKS ON BILLS OF LADING.

### "WEIGHT UNKNOWN."

*(See Reports* 1926, *Volume I, page* 254 ; 1931, *Volume I, page* 206 ; 1936, *page* 172 ; 1941, *page* 147.)

In January 1942 the Committee received a representation from a shipper in regard to the refusal of a steamship company to meet a claim for short weight in a consignment on the ground that the bill of lading bore the remark "weight unknown" in spite of the fact that the goods were weighed by the Chamber prior to shipment and freight was charged on the basis of the weight certificate.

In reply the Committee stated that the Chamber weighed a percentage only of a consignment and that alone for freight purposes. All bills of lading covering shipments were subject, in terms of the Paramount Clause, to the rules and provisions of the Carriage of Goods by Sea Act, 1924, and no clause, inserted by the shipowner on the bill of lading, which was contrary to the rules and provisions of the above Act, could exonerate the shipowner from liability.

The Committee pointed out that in the case under reference if the bags were landed intact and in the same apparent order and condition in which they were shipped, no liability for loss in weight would attach to the shipowner. If, however, the bags were landed in a torn or damaged condition, then the steamer was responsible for the loss of contents, such loss to be arrived at from the invoice or other documentary evidence of the weight of the contents.

As the shipowner had the right to refuse survey on goods tendered for delivery, which were in an apparently outwardly sound order and condition, it would appear probable that, as a

survey was called for the goods under reference, they were landed in a damaged condition. If the shipowner declined to meet a *bona fide* claim, the consignee had his remedy in resort to legal action.

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## BOMBAY PORT TRUST ACT, 1879.

### SECTION 62—STEAMER'S LIEN FOR FREIGHT.

(*See Report* 1941, *page* 141.)

It was recorded in the Chamber's Report for 1941 that the Committee had requested the Government of India to arrange for the temporary revision of section 62 of the Bombay Port Trust Act so as to permit steamship companies to have a first lien on any cargo, for freight and other charges due to the shipowner in cases where the companies were not in a position to put in a claim for these charges at or before the time of landing of the goods concerned owing to the absence of shipping documents.

The Government of India in reply stated that enquiries made from each of the Major Port Trusts showed that there had been hardly any cases of loss of lien for freight charges on unclaimed goods by shipping companies and that, as freight was at the moment almost invariably pre-paid, it was unlikely that cases would occur in future. Besides the amount involved in such cases was not likely to be substantial and the Central Government did not therefore consider it necessary to undertake legislation for the amendment of the Bombay Port Trust Act, 1879, in this respect.

The Trustees of the Port of Bombay subsequently informed the Government of India that in their opinion the Chamber's request for a suitable amendment of the Bombay Port Trust Act as a temporary measure for the duration of the War was not unreasonable and that Government might therefore be pleased to reconsider their decision not to undertake the necessary legislation.

Nothing further was, however, heard from the Government of India.

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## BOMBAY PORT TRUST.

### NOTICE OF ARRIVAL OF GOODS.

(*See Report* 1941, *page* 143.)

It was recorded in the Chamber's Report for 1941 that the Committee had suggested to the Bombay Port Trust that they might consider the feasibility of introducing a scheme in Bombay

similar to that of the Calcutta Port Commissioners whereby every importer as far as possible would be advised in writing as soon as any of his goods were landed from the United Kingdom into Port Trust custody provided he submitted to the Port Trust a list of the shipping marks under which he usually imported goods from the United Kingdom.

The Port Trust agreed to introduce the scheme and members were duly notified to this effect in January 1942 and were informed of the conditions under which it was being put into force.

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## PORT TRUST SCALE OF RATES AT THE DOCKS.

### (1) Surtax abolished.

With effect from 1st April 1942 the Trustees of the Port of Bombay decided to abolish the surtax of $4\frac{1}{8}$ per cent. levied on certain charges in the Docks Scale of Rates.

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### (2) Palmyra Fibre and Palmyra Stalks.

In August 1942, in response to an enquiry from a member, the Committee stated that in their view "palmyra fibre" should be assessed under item No. 739, viz., "Fibres, not otherwise rated" in the Port Trust Scale of Rates at the Docks. As regards palmyra stalks packed otherwise than in bags, these should come under item No. 2062, i.e. (Unenumerated goods packed otherwise than in bags) but in view of the low cost of the commodity it might be included under item No. 739 "n.o.r." permitting.

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## BOMBAY MUNICIPAL CORPORATION.

### Contributions to City of Bombay Improvement Schemes.

On the 30th June 1942, the Government of Bombay issued a Press Note inviting public opinion on a proposal to reduce the contribution of the Bombay Municipal Corporation for improvement schemes to a sum equal to twice the amount of the yearly net realisation of the Corporation under general tax or payments in lieu of general tax divided by the rate fixed for the tax for the year.

Government pointed out that the principle of the Corporation contributing out of revenue for the purpose of improvement schemes in the City of Bombay dated from the enactment of the City of Bombay Improvement Act, 1898, section 72 of which

provided for payment by the Corporation to the City Improvement Trust of a yearly sum not exceeding two per cent. on the total rateable value of all buildings and lands in the city. By an amending Act of 1913, the sum payable was altered to a sum equal to double the amount of the actual net realisations of the Corporation in the preceding financial year under the head of general tax or payments in lieu of general tax (including arrears and payments in advance) divided by the rate fixed for the general tax for the financial year. A similar provision was continued in the City of Bombay Improvement Trust Transfer Act, 1925.

With effect from 1st October 1933, upon the amalgamation of the City Improvement Trust with the Corporation, the principle of a contribution from the ordinary revenue of the Corporation to an improvement schemes account was adhered to, although such a payment no longer involved transfer of money from one legal corporation to another. All improvement schemes finance was included in a separate budget B and rules for an improvement schemes account were laid down in the new schedule BB of the Act. At that time it was considered that the contribution made from the general revenue to the improvement schemes account should be increased in order to meet the deficits then apprehended to be likely in connection with improvement schemes. Accordingly, in Rule 5 (4) of Schedule BB it was provided that the contribution to the general account for improvement schemes purposes should be *three times* the actual net realisations of the Corporation in the preceding year under the head of general tax or payments in lieu of general tax (including arrears and payments in advance) divided by the rate fixed for the general tax for the financial year.

It was added that in recent years the Corporation had lost a substantial amount of revenue by the abolition of town duty on cotton, the excise compensation and the withdrawal of grant-in-aid out of the proceeds of tobacco duty. On the other hand, there had been a considerable increase in expenditure due to extension of primary education and improvement in extension of essential services and the provision of new amenities during the last 14 years. The gap between revenue and expenditure was hitherto met by drawings from surplus balances and the excess accumulations in the special funds. It was therefore necessary that some relief should be afforded to the Corporation in the difficult situation with which it was faced at the moment and for this purpose it was proposed to revert, for a period of three years with effect from 1st April 1942, to the provision for contribution as it was before the amalgamation of the Corporation and the City Improvement Trust, by providing for payment based upon twice the actual net realisations under the head of general tax, instead of three times as at present.

A Bill to amend the City of Bombay Municipal Act, 1888, for the above purpose was accordingly published in the *Bombay Government Gazette*, Part I, dated 9th July 1942, page 2375, and the opinion of the public was invited on its provisions.

The Committee informed the Government of Bombay that they supported the proposal and approved the terms of the Bill.

## BOMBAY MUNICIPAL WATER TAX.

### Textile Industry.

(*See Report* 1941, *page* 137.)

It was recorded in the Chamber's Report for 1941 that the Chamber had supported a representation of the Bombay Mill-owners' Association protesting against a proposal of the Municipal Commissioner to raise the rate of tax levied by the Bombay Municipality for water supplied to the cotton mills in the City and Island of Bombay.

At a meeting of the Municipal Corporation held on the 29th January 1942, the Chamber's representative moved the following proposition :—

"That the Water Revenue for the year 1942-43 be estimated at the rate of annas ten per 1,000 gallons instead of at annas fourteen as proposed by the Standing Committee in respect of (1) cotton and other mills and (2) dyeing and bleaching mills and the Standing Committee's estimate in respect of receipts therefrom be reduced accordingly."

The proposition was, however, defeated by a large majority.

## PROVIDENT FUNDS.

### Advances to Subscribers for Evacuation Expenses.

In April 1942 the Central Board of Revenue was asked to state whether withdrawals could properly be made by trustees of recognised provident funds from the accounts of members in order that money so drawn could be used by the members concerned to evacuate their families from areas considered dangerous.

The Indian Income-tax (Provident Funds Relief) which governed the question of withdrawals from provident funds provided that "withdrawals by employees shall not be allowed by the trustees except on special grounds in the following circumstances or circumstances of a similar nature" and continued, *inter alia*, "to pay for the passage over the sea of a subscriber or any member of his family." The Board of Revenue decided that expenses incurred by members of recognised provident funds

in evacuating their families could be assumed to be covered by the phrase "circumstances of a similar nature" (section 4 (*i*) of the Provident Funds Relief Rules) and advances might therefore be given for that purpose—subject, always of course, to the provisions of the rules of the particular provident fund concerned.

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## PROVIDENT FUND FOR INDUSTRIAL WORKERS.

In April 1942, the Commissioner of Labour, Bombay, informed the Chamber that the question of provident fund for industrial workers was one of the subjects discussed at the Third Conference of Labour Ministers held in Delhi in January 1942. It was generally recognised that provident fund schemes had many advantages as, apart from their humanitarian aspect of making available to the industrial workers something to fall back upon in old age and at times of sickness, such schemes tended to strengthen the bond between workers and employers and made the labour force more contented and stable. The general opinion at the Conference, however, was that it was not possible to make the introduction of provident fund schemes compulsory and that the most that could be done was to recommend to the interests concerned the adoption of such schemes. It was also suggested that it would be useful if the Government of India framed a set of model rules.

The main principles as envisaged by the Conference, which provident fund schemes should provide were apparently :—

(*i*) that any fund should be constituted by the joint contributions of the employer and the employee, which should be equal ;

(*ii*) that employees with at least one year's continuous service only might be eligible to subscribe ;

(*iii*) that the worker should be liable to lose the employer's share of the contributions, if he was dismissed for any act of misconduct on his part ; or to lose such share in part or in whole if he resigned within a short period of joining the fund ;

(*iv*) that withdrawals from the fund should be subjected to strict control ;

(*v*) that the fund should be invested in some form of Government securities and, in any case, outside the particular undertaking.

The Commissioner of Labour requested the views of the Chamber on the above. The Committee in reply stated that they were in agreement that the introduction of provident funds throughout industry was a very desirable object and accepted the five main principles set out by the Conference of Labour Ministers.

As regards the question of detail, the committee pointed out that the rules laid down under the Income-tax (Provident Fund

Relief) Act governing recognised funds had been drawn up largely in the interests of employees and did not materially differ from the five points referred to above, whilst, in fact, they went much further. These rules had been in operation for some considerable time and were acceptable to both employer and employee. It was suggested therefore that they should form the basis for any further legislation, on the subject.

## TRADE UNIONS.

### Proposed Compulsory recognition by Employers.

(*See Reports* 1937, *page* 197 ; 1938, *page* 147.)

In April 1942 the Commissioner of Labour, Bombay, requested the views of the Chamber on a draft Bill which had been drawn up by the Government of India with a view to the compulsory recognition of trade unions. The draft Bill prescribed, *inter alia*, that in case any Provincial Government fixed a minimum which the membership of the union drawn from workers in the factory must reach, such minimum should not exceed 30 per cent. of such workers. The draft Bill further laid down that a trade union should not be entitled to recognition unless it had been a registered trade union for at least six months prior to the date of the application for recognition.

After consulting the Labour Sub-Committee of the Chamber, the Committee in replying to the Commissioner of Labour expressed very strongly the view that the present time was inopportune for the introduction of a far-reaching measure of such importance as the Bill and that it should definitely be shelved until the conclusion of hostilities. The Committee feared that even discussion of such matters might have unfortunate consequences on the working conditions in industry at the present day.

The Bombay Trades Disputes Act had been working fairly satisfactorily in this province for some years and although it needed certain amendments, the Committee considered similar legislation might well be introduced in other provinces pending the revision of the Indian Trade Unions Act after the war.

The Committee added that if, however, Government were determined to proceed with the legislation forthwith, they would draw attention to various points which had been omitted from the Bill, the addition of which the Committee considered of particular importance and which were, in fact, put before the Commissioner of Labour by this Chamber as long ago as 1937. These were as follows and their inclusion as prerequisite before

"recognition" of unions was recommended. In other words, application for recognition should imply the acceptance of such rules by the union.

1. Unions should be controlled and organised by the workers and not less than 50 per cent. of the officers of a registered trade union should be actually engaged or employed in the trade or industry with which the union was concerned.

2. Submission of grievances and all the processes of negotiation and conciliation in existence or which might be devised should precede the submission of a notice to strike work.

3. A general strike should not be called unless a ballot had been taken and two-thirds of the votes cast and not less than 50 per cent. of the workers concerned had voted in favour of the goneral cessation of work.

4. Notice of not less than 14 days should be given for a strike to an individual employer and notice of not less than one month for a general strike.

5. Union rules governing the constitution and the administration of the union should be submitted to employers before the union commenced to function as a recognised union and employers should be given the right to discuss these rules with the union and to appeal to the Registrar should any rule seem to them to be objectionable.

6. Unions should not support unauthorised strikes by individual employees or groups of employees nor a strike caused by an unrecognised union or unlawful association.

7. Unions should abide by any mediation machinery agreed upon between the trade union and the employer or employers' association.

8. Unions should agree to co-operate with the Government Labour Officer and to furnish him with details of any grievances at the same time as they are brought to the notice of the employer.

9. Membership of unions should be purely voluntary.

10. Union subscriptions should not be collected on the employer's premises.

11. Unions should not partake in union activities on the premises or during working hours except to the extent mutually agreed upon between the recognised unions and the employer or employers' associations.

12. Unions should not attempt to subvert discipline.

13. Unions should discourage the use of violence of any description either directly or indirectly.

14. The accounts of the unions should be audited by the Government Auditor at regular intervals and at least once every twelve months.

The Committee made the following comments on the clauses of the Bill as they stood :

28A. (*Explanation*).—There appeared no reason why Government should not accept the same percentage of membership as was fixed for industry generally.

28C(*d*).—It was considered that it should not be left to Provincial Governments to fix or not to fix any minimum percentage of employees in an industry which a union must have on its books before applying for recognition. For example, under

the Bombay Industrial Disputes Act, a union must have 25 per cent. of employees of its industry as members before it could apply for registration under that Act, but only 5 per cent. if it was " recognised " under that Act by the employers.

The Committee could see no justification for such widely divergent percentages and pointed out that the Government proposed under 28F (which clause the Committee did not consider desirable) to make a union " recognised " in one Province automatically " recognised " in any other Province in which it operated ; it was essential to lay down a minimum percentage applicable to all Provinces.

The Committee recommended that a minimum percentage of 25 of the workers of that industry must be members of a union before that union could apply for recognition, and that this minimum should be laid down in the Act.

Lower percentages would inevitably lead to recognition of a multiplicity of unions in each industry which, obviously, was undesirable, and further to prevent more unions than were necessary being recognised in each industry, the Committee recommended also, for Government's consideration, that the Registrar should be empowered to withhold recognition of any union applying for same if he was satisfied that the workers in that branch of industry were already represented adequately by an existing recognised union.

28E. After 28E(2) there should be inserted 28E(3) reading as follows :—

" The employers shall have the right to appeal against the recognition or continued recognition of a union if they happen to have good cause to know that the conditions governing recognition are being evaded."

28F. The Committee as stated above considered that this clause should be deleted. It was neither necessary nor desirable since an industry might be very little represented in one Province and yet be the major industry in another. (This section as it stood would lead to a multiplicity of unions. All unions should be required to fulfil conditions for recognition in each province in which it wished to operate).

32A. The fine of Rs. 500 was unduly high particularly for a small employer and should be reduced.

In conclusion, the Committee pointed out that the Government of India Act when passed should supersede provincial legislation and the latter should be altered to give effect to the amendments introduced therein.

Up to the time of writing this report the Bill had not been introduced in the Legislative Assembly.

## HOLIDAYS WITH PAY.

### NON-SEASONAL FACTORIES.

(*See Reports* 1935 *page* 201 ; 1937, *page* 191.)

In May 1942 the Commissioner of Labour, Bombay, requested the views of the Chamber on a Bill which had been drafted by the Government of India for the purpose of securing of holidays with pay for workers in non-seasonal factories. The main features of the Bill were :—

(1) The provisions extended only to non-seasonal factories.

(2) The minimum number of paid holidays was seven and they must run in one block.

(3) The holidays could not be accumulated.

(4) The qualifying service was one year.

(5) Half the wages due for the holiday period were required to be paid at its commencement.

(6) Workers were prohibited from undertaking remunerative work during the holidays.

(7) " Compensatory " holidays were provided for workers deprived of the weekly holidays as a result of exemption of a factory from the provisions of section 35 of the Factories Act.

(8) No provision was made for the continuance or otherwise of local and other customary holidays at present given by individual employers ; the matter had been left for mutual adjustment between the employers and employees.

In replying to the Commissioner of Labour, the Committee offered the following comments :—

It was presumed in the first place that the provisions of the Bill were intended to apply only to permanent labour, paid on a monthly basis, and on this assumption the Committee welcomed the fact that the proposed legislation was to be of an all-India nature to be introduced by the Central Government and in general principle and on humanitarian grounds were prepared to support the Bill.

They, however, warned Government of the danger inherent in adding to the considerable burdens already borne by industry in the recently introduced benefits such as wage increases, cost of living bonuses, the provision of grain shops, etc. These burdens while very heavy at the moment, were possibly justified during the war period, but from a practical point of view they might tend to overload industry to an impossible extent in times of peace.

In regard to clause 49E (3), the Committee were of opinion that if the employer was willing to allow accumulation of holidays then labour should not be debarred from obtaining this

benefit, though it might preferably be confined to a maximum of two years' accumulation. This Bill did not deal sufficiently adequately with the right of the employer or the employee to fix the dates of the holidays prescribed, and it was suggested that a clause should be added to the effect that workers would be allowed holidays at a time to be fixed by the employer but within twelve months of the date after which it was earned, unless the employee wished, and the employer agreed, to the employee accumulating his holidays with pay beyond the year.

49F.—This clause granted a compensatory holiday in the case of a worker being deprived of the regular weekly holiday. The Committee considered that whilst this was perfectly acceptable in peace time exemption under this clause should be granted to factories on essential war work.

There was one further point which the Committee considered required clarification in the Bill and that was the question of absence without leave. Under Clause 49B (1) a man was not entitled to holidays if he had been absent without leave even for one day, but this was by implication only. It was suggested that this point should be covered by stipulating that any absence without leave should be deducted from the period of leave to which a worker was entitled.

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## LABOUR WELFARE MEASURES.

In August 1942 the Commissioner of Labour informed the Chamber that certain suggestions had been made by the Government of India, Department of Labour, to the All-India Organisation of Industrial Employers and the Employers' Federation of India regarding labour welfare measures. A summary of these suggestions were circulated to members and are reproduced here for purposes of record :—

(*a*) *Payment of wages to workmen in the event of suspension of work due to air-raid alarms.*—It was considered that in those factories and undertakings which were required by Government in furtherance of the war effort to continue production under air-raid conditions, there should be an inducement to workers to carry on work and return to work promptly on ceasing of the air-raid alarm, so as to maintain production at a maximum level. It was also considered that there should be uniformity of provision in respect of all such factories and undertakings whom Government required to continue functioning during air-raid conditions in cases where operatives were required under an approved A.R.P. scheme to suspend work on account of air-raids.

Government considered that provisions on the following lines would meet the case :

(1) The provision should apply in the case of air-raid interruptions under approved A.R.P. schemes, both actual and experimental, and both by day and by night. Concessions should be as follows :—

(*i*) The workers affected would, subject to the restrictions laid down in rule (*iii*) below, be treated as on duty.

(*ii*) Payments would be restricted to workers who had actually recorded their attendance for duty at the usual time or if, owing to air-raid conditions, attendance could not be recorded at the usual time then, as soon afterwards as possible.

(*iii*) Payments would be restricted to that portion of the time spent in air-raid shelter or enforced inactivity which fell entirely within the actual working hours for the men affected, provided that no payment should be made for any period after an air-raid was over. The men would not be paid for the normal rest period, but idle time enforced by air-raid warning before and after would be paid for.

(*iv*) Payments would be on the general basis of full time for interruptions not exceeding 8 hours in any week ; and of half time for interruptions beyond this.

(*v*) Workers might be required to make up in the same week or in the following two weeks time lost up to a period not exceeding 2 hours before or after the ordinary shift, not exceeding 8 hours in any week and not exceeding the hours which, but for the interruptions would have been worked by the worker in the week. Payment for time so made up would be on the basis of full time ; it would be at ordinary or overtime rates as might be relevant in individual cases.

(*vi*) In so far as the worker declined without good reason to make up time lost when required, no compensatory payments would be payable for time lost which was not made up.

(*vii*) Payments to piece-workers would be made at the ordinary time rates without any piece-work profits.

(*viii*) The payment would be booked as " idle time."

(2) The liability to pay for lost time would be on the employer.

(3) The scheme would cover not merely workers in factories and undertakings in the ordinary sense but also such workmen, as for instance, locomotive drivers who are required, under an approved A.R.P. scheme, to carry on work during air-raid conditions.

(*b*) *Propaganda among labour.*—A number of industrial undertakings had already installed wireless sets in their own factories for the dissemination of correct and up-to-date news. The Government of India considered that the provision of wireless sets in factories might be taken up more widely by employers. Any expenditure in respect of equipment for wireless sets and loud-speakers would, for the purposes of the Income Tax Act and Excess Profits Tax Act, be allowed as an item of revenue expenditure in the year in which it was incurred.

(*c*) *Insurance for employees against war injuries.*—It had been suggested to Government that it might have a good effect in keeping workers at work in factories, mines, etc., if a compulsory insurance scheme were instituted at the cost of employers in industry and to be administered by Government with the object of increasing the scale of relief laid down in the war injuries scheme. The purpose of the war injuries scheme was to provide the minimum amount of relief to cover the cases of all classes of the population. It was not a scheme of compensation but a scheme of relief. Under the proposed insurance scheme relief under the War Injuries Scheme would be supplemented so as to bring the total relief up to approximately the scale of compensation under the Workmen's Compensation Act. The following is a tentative outline of the scheme which would apply compulsorily to employees in factories registered under the Factories Act, to mines falling under the provisions of the Indian Mines Act, and labour in public utility companies, tramway companies and ports, premium being payable by the employers :

(*a*) Employees should be divided into groups (e.g., monthly earning under Rs. 30, Rs. 50, Rs. 100, Rs. 200, etc.).

(*b*) A levy of flat rate of so much per head per month for each employee in each group should be levied on all employers and the sums so received should be placed in a central fund.

*Note.*—It was intended that initially until experience had been gained the rate should not exceed 1 per cent. of the wage bill.

(*c*) From that fund there would be paid to those employees who were injured while actually at work in a factory, (or when within a specified distance of the factories if they had worked in the factory on any of the two days preceding the date of injury) flat rate sums to each class sufficient to bring the Government relief approximately up to what they would have received under the Workmen's Compensation Act.

(*d*) Contributions should continue to be payable monthly even after the war until the sum in the fund was found to be sufficient at the close of the war to meet the obligations on the fund.

Contributions if required after the war should be payable by all factories, even those started after the war, in order to avoid placing any factory at a comparative disadvantage.

*Note.*—As immediately on the close of the war the fund would become practically a closed fund, this should not be very difficult to arrange.

(e) The Government of India should guarantee advances to the fund to enable it to make the necessary payments but should be entitled to refunds of such advances.

(f) If after the war there was a balance in the fund it would not be appropriated by Government to general revenues but would be utilised for the benefit of workers as a whole.

(d) *Storing within factory premises of stocks of grains.*—It had become apparent that with the sudden rises in prices of foodstuffs and the difficulties of distribution, workers experienced difficulty in getting foodstuffs at reasonable prices. If they could be assured of a steady supply of food grains at reasonable prices, it might go a considerable way to keep up their morale. The Government of India considered that the best method of meeting the situation would be that the employer (or where suitable the industry concerned) should open cost price grain shops and Government commended this suggestion for immediate action by all employers. It was anticipated that these shops should be run without loss but if any loss occurred in their running or administration the Government of India would consider such expenditure as revenue expenditure for the purposes of the Income Tax and Excess Profits Tax Acts.

(e) *Welfare Measures.*—The Government of India recommended the provision of adequate welfare measures to show that the management was taking steps to ensure that labour was well looked after in any emergency that might arise and made the following suggestions :—

(1) In present conditions local shortage of certain foodstuffs and consequent rise in the prices made the establishment of cost price grain shops practically essential. These shops would not only serve the immediate requirements of the workers, but would also serve to show them that adequate steps were being taken to ensure that whatever emergency might arise, grain would be available.

(2) It was suggested that a week's stock of grain should be maintained to ensure supplies in an emergency, and if the emergency developed it was considered that rations should be provided free from this stock. The laying in of larger stocks was not regarded as desirable except under the direction of the Central or Provincial Government.

(3) As the families of workers would in many cases have left the district, provision of cooked food was likely to have a great moral effect on workers. The following was an extract from an intelligence report from Singapore regarding the question of arranging for food for the labouring classes, (it was

emphasised that this was a matter in which not only the civil authority, but the factory management themselves must take a hand) :—

"Practically all coolies and labouring classes obtain their meals from chop houses, and low class hotels. On the first signs of panic, the proprietors of these hotels close them, and run away. As a result of this, coolies could not obtain food in any of the towns in Malaya, as soon as bombing started, and when they found they could not obtain food, they just had to leave."

This extract indicated the necessity, wherever possible, of establishing communal cooking.

(4) It would be found advisable to provide facilities for remitting allowances to families, and some employers might find it possible to arrange for remittances by money order at their expense. This would no doubt be much appreciated by employees.

(5) Any amelioration in conditions of work would be likely to have a beneficial effect. Thus, experience in other countries indicated that short-breaks during the work tended to sustain production at a higher level. The possibility of introducing such short breaks in conditions in India would probably also have the same result.

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## AVOIDANCE OF STRIKES AND LOCKOUTS.

Under the Defence of India Rule 81-A the Central Government in March 1942 issued the following general order :—

"Whereas in the opinion of the Central Government it is necessary so to do for securing the efficient prosecution of the war the Central Government is pleased in exercise of the powers conferred by Rule 81A of the Defence of India Rules to make the following order, namely (1) No person employed in any undertaking shall go on strike in connection with any trade dispute without having given to his employer within one month before striking not less than 14 days' previous notice in writing of his intention so to do. (2) When any trade dispute has been referred to a Court of Enquiry or a Board of Conciliation under the Trade Disputes Act, 1929 (VII of 1929) or for conciliation or adjudication under an order made under Rule 81A of the Defence of India Rules no person employed in any undertaking concerned in the dispute shall go on strike until the expiry of two months after the conclusion of the proceedings upon such reference. (3) Sub-rule (5) of Rule 81A of the Defence of India Rules shall apply to the interpretation of this order."

Defence of India Rule 81-A read as follows :—

"(1) If in the opinion of the Central Government it is necessary or expedient so to do for securing the defence of British India, the public safety, the maintenance of public order or the efficient prosecution of war, or for maintaining supplies and services essential to the life of the community, the Central Government may, by general or special order, applying generally or to any specified area, and to any undertaking or class of undertakings, make provision for all or any of the following matters, namely :—

(*a*) Prohibiting, subject to the provisions of the order, a strike or lock-out in connection with any trade dispute ;

(*b*) Referring or authorizing the Provincial Government to refer, any trade dispute for conciliation or adjudication in the manner provided in the order ;

(*c*) Requiring employers to observe such terms and conditions of employment as may be determined in accordance with the order to be, or to be not less favourable than, those existing in their respective undertakings at any time within three months preceding the date of the order ;

and any such order may contain such incidental and supplementary provisions as appear to the Central Government to be necessary or expedient for the purposes of the order.

(2) Unless any such order makes express provision to the contrary, nothing therein shall affect the power to refer any trade dispute or matters connected therewith for report or settlement under the Trade Disputes Act, 1929 (VII of 1929).

(3) Nothing in the Arbitration Act, 1940 (X of 1940), shall apply to any proceedings under any such order.

(4) If any person contravenes any of the provisions of this rule, he shall be punishable with imprisonment for a term which may extend to three years or with fine or with both.

(5) In this rule, the expression " undertaking " means any undertaking by way of trade or business, and the expressions " employer," " lock-out," " strike " and " trade dispute " have the meanings respectively assigned to them in section 2 of the Trade Disputes Act, 1929 (VII of 1929)."

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## TRADE DISPUTES ACT, 1929.

### PROPOSED AMENDMENT.

In June 1942 the Commissioner of Labour, Bombay, requested the views of the Chamber on a draft Bill which had been prepared by the Government of India, the main provisions of which were :—

(1) To apply generally section 15 of the Act (the prevention of sudden strikes and lock-outs). At the moment it was applicable only to public utility services. It was intended that the Bill should apply in the first instance to important industries and its application should be capable of extension by the Central Government as circumstances permitted or made this necessary. Views were requested as to the industries which should be specified.

(2) It was proposed to make punishable in certain circumstances the organisation of a strike as well as the participation in a strike.

(3) If a Board of Conciliation or Court of Enquiry had been appointed during the period of 14 days' notice, the organisation or participation in a strike within two months from such appointment was made punishable.

(4) Employers would be required in case of industrial disputes to give the Government information regarding conditions of labour in their concerns.

(5) Employers would be required to observe for a certain period, terms and conditions of employment as might be determined by Government.

(6) The responsibility of the Central Government was specified in more detail and the existing provisions under sections 3, 18A, 19 and 17 (2) were brought into line with the new provision.

In replying to the Commissioner of Labour, the Committee stated that they agreed with the terms of the proposed Bill but with the following two comments :—

*Clause* 5.—If Government intended to notify the industries, business and undertakings to which the special provisions regarding sudden strikes and lock-outs were to apply, Clause 14A(*b*) seemed redundant. If, however, Government desired a lead as to the industries which should be specified in sub-clause (*b*), it was suggested that under this heading all industries subject to the Factories Act should be included.

*Clause* 7(1*A*) *and Clause* 8—15*A*(1).—In the Committee's view the penalties as set out were far too low and should in both cases be increased to a maximum fine of Rs. 500 or six months' imprisonment.

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## WORKMEN'S COMPENSATION ACT.

### Deduction of Payments made prior to Death from Compensation payable after Death.

At the annual meeting of the Associated Chambers of Commerce of India held at Calcutta in December 1941, the following resolution was passed unanimously :—

"This Association urges the Government of India to take early steps suitable to amend the proviso to Section 4 (1)D of the Workmen's Compensation Act, 1923, to permit of the deduction of any amount paid as compensation to a workman prior to his death from the amount of compensation payable to his dependents in respect of his death and also to provide that any payment of compensation made to an injured workman prior to any final settlement may be taken into account and offset against the amount of compensation payable to him when his claim is finally settled as, under a recent High Court decision, it has been held that such deductions are not permissible under the Act as now worded."

In April 1942 the Commissioner of Labour invited the views of the Chamber on a Bill which had been prepared by the Government of India with the object of amending the Workmen's Compensation Act so as to provde, *inter alia*, that if, during the lifetime of a workman, an employer had paid a sum as compensation for an injury which subsequently resulted in death, so much of such sum as did not exceed thirty three and one third per cent. of the sum payable as compensation on the workman's death, should be deducted by the Commissioner from such compensation and repaid to the employer.

The Committee approved the terms of the Bill except that they were of opinion that the figure of 33⅓ per cent. should be amended to 50 per cent: thus leaving the heir with a minimum of 50 per cent. of the amount of compensation.

## SHOPS AND ESTABLISHMENTS.

### PROPOSED COMPULSORY WEEKLY HOLIDAY.

(*See Reports* 1940, *page* 169 ; 1941, *page* 152.)

It was recorded in the Chamber's Report for 1941 that the Committee in commenting on the Bill to provide the grant of weekly holidays to persons employed in shops, commercial establishments, restaurants and theatres, stated that generally speaking they were in favour of the principle of a weekly holiday. They felt, however, that in a country where a large proportion of the townspeople were dependent on restaurants and " eating houses " for their food, the closing of all shops on Sunday or any one particular day in the week would cause considerable hardship. They considered that the welfare of shop assistants, waiters, etc., could be as well secured by limitation of hours to be worked in any one week or month, which would enable shops to remain open continuously while securing holidays for the staff. The same principle applied to the weekly half holidays. The Committee also considered that the legislation should be made to apply to Government and Municipal Office establishments but not the clerical establishments of factories which were subject to the Factories Act. They further expressed the opinion that owing to the existing conditions produced by the War, legislation of this description should not be introduced until after the War.

The Bill was referred to a Select Committee who made certain amendments, the more important of which were as follows :—

They excluded " commercial establishments " from the operation of the Bill, and confined the provisions of the Bill to shops, restaurants and theatres. It was felt that the closing of all commercial establishments for one day a week might at the existing juncture interfere with the war effort, and would prove impracticable. They recommended, however, that as soon as circumstances permitted the provisions for shops, restaurants and theatres should be extended to commercial establishments.

The definition of " restaurant " was amended so as to include only premises in which the whole or the principal business was the supply of meals or refreshments.

Clause 3 as amended no longer specified Sunday as the normal closing day, and extended the power of the Provincial Government to determine what the closing day should be by enabling it to fix a particular day for any particular shop. This it was considered necessary in order to deal with shops whose proprietors belonged to communities which preferred a closing day other than Sunday, and might indeed already be in the habit of closing their shops on a day other than Sunday.

Clause 5 was amended to allow the Provincial Government to fix the hour at which shops should close for the weekly half-holiday, instead of specifying one o'clock in the afternoon as that hour.

It was provided that the appointment of inspectors should be made by notification in the official *Gazette*.

It was also provided that rules made under the Act shall be previously published.

The Bill was passed by the Central Legislature with only one amendment to the effect that the day of closure of shops and the half day of closure (if the latter be enforced) should be chosen by the shopkeeper but that such days should not be altered more often than once in three months.

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## WEATHER WORKING DAYS.

The following days during the monsoon months of 1942 were declared to be half or non-weather working days for vessels in the docks :—

Saturday, 13th June 1942—Half weather working day ;
Thursday, 25th June 1942—Half weather working day ;
Friday, 26th June 1942—Non-weather working day ;
Saturday, 27th June 1942—Non-weather working day ;
Monday, 29th June 1942—Half weather working day ;
Tuesday, 30th June 1942—Non-weather working day ;
Wednesday, 1st July 1942—Non-weather working day ;
Saturday, 18th July 1942—Non-weather working day ;
Thursday, 30th July 1942—Non-weather working day ;
Thursday, 27th August 1942—Non-weather working day.
Wednesday, 2nd September 1942—Non-weather working day ;
Thursday, 3rd September 1942—Half-weather working day ;

The Deputy Conservator of the Port, in consultation with the Harbour Master and a representative of the Chamber, decided that the following days were half or non-weather working days for vessels working in the stream :—

Saturday, 13th June 1942—Half weather working day ;
Wednesday, 17th June 1942—Half weather working day ;
Thursday, 25th June 1942—Non-weather working day ;
Friday, 26th June 1942—Non-weather working day ;
Saturday, 27th June 1942—Non-weather working day ;
Monday, 29th June 1942—Non-weather working day ;
Tuesday, 30th June 1942—Non-weather working day ;
Wednesday, 1st July 1942—Non-weather working day ;

Friday, 3rd July 1942—Non-weather working day ;
Saturday, 4th July 1942—Non-weather working day ;
Monday, 6th July 1942—Non-weather working day ;
Tuesday, 7th July 1942—Non-weather working day ;
Wednesday, 8th July 1942—Half weather working day ;
Thursday, 9th July 1942—Half weather working day ;
Saturday, 18th July 1942—Non-weather working day ;
Monday, 27th July 1942—Half weather working day ;
Thursday, 30th July 1942—Non-weather working day ;
Friday, 31st July 1942—Half weather working day ;
Thursday, 27th August 1942—Non-weather working day ;
Wednesday, 2nd September 1942—Non-weather working day ;
Thursday, 3rd September 1942—Half weather working day.

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## REVISION OF THE COTTON HEDGE CONTRACT.

Early in February 1942 the Chamber was requested to nominate representatives to attend an informal conference that had been convened by the Government of Bombay for the purpose of discussing the possibility of renewing the existing hedge contracts. The Committee nominated Messrs. C. P. Bramble, L. F. H. Goodwin and W. G. McKee to represent the Chamber. The Conference was held on the 19th February 1942, when a Sub-Committee consisting of representatives of the interests affected was appointed to consider and report on the matter. The Sub-Committee recommended that the following principles should be adopted by the Board of the East India Cotton Association when revising the Hedge Contracts :—

"(*a*) That a hedge contract is essentially an instrument of insurance to both the buyer and the seller, and should be so constructed and worked as to discourage the acquisition and or disposal of cotton through its medium. We would emphasise that failure to observe this principle would encourage manipulators to turn the hedge contract into a delivery contract, with a resultant dislocation of hedge market which would affect adversely the best and long lasting interests of growers and traders.

(*b*) That adequate safeguards should be devised within the framework of that contract to protect it against speculative manipulations especially in times of stress when unexpected developments both at home and abroad may encourage and accentuate such manipulations.

(*c*) That a hedge contract should be well enough balanced to afford an equal measure of protection and opportunity to both the buyer and the seller.

(*d*) That a hedge contract should represent a fairly close relation to actual values of cotton."

Bearing the above principles in mind, the Sub-Committee recommended, *inter alia* :—

(1) *Basis and Staple Length.*—That the basis of the new contract shall be *Fine Jarilla, staple* $\frac{7}{8}$", *as per standard to be prepared from* Jarilla cotton

grown in Khandesh District *tenderable* up to two classes "on" and one class "off" for grade, and up to $\frac{7}{8}$" staple, values "on" and "off" for grade and "on" for staple.

(2) *Restrictions.*—That in order that the new Hedge Contract may work essentially as an instrument of insurance to both the buyer and seller, acquisition and/or disposal of cotton through its medium should be discouraged by imposing restrictions on tenders of premium as well as discount varieties of cotton against the proposed contract as under :—

Tenders of premium viz., "on" cotton should fetch 18¾ per cent. less than the premium fixed for that particular variety as well as for staple, e.g., if the tendering difference between standards is fixed by the Special Committee as Rs. 10 "on" the basic cotton and if the final award in arbitration is 1/16" "on" for staple and if the "on" allowance for a staple of 1/16" over the basic staple length of $\frac{7}{8}$" is fixed by the Special Committee of Rs. 20 "on", then in the Delivery Order tendered to the Clearing House the variety difference would be mentioned by the Clearing House, as Rs. 10 "on" less 18¾ per cent. i.e., Rs. 8-2 and in the arbitration award the "on" allowance for staple would be mentioned as 1/16" "on" i.e., Rs. 20 "on" less 18¾ per cent. i.e., Rs. 16-4. Therefore the tenderer of premium cotton, instead of getting Rs. 10 "on" for variety and Rs. 20 "on" for staple i.e., in all Rs. 30 "on" per candy, would get only Rs. 24-6 "on" per candy.

Similarly tenders of discount cotton, viz., "off" cotton, should fetch 18¾ per cent. more discount for variety difference as well as for staple, e.g., if the tendering difference between standards is fixed by the Special Committee as Rs. 10 "off" the basic cotton and if the final award in arbitration is 1/16" "on" for staple and if the "on" allowance for a staple of 1/16" over the basic staple length of $\frac{7}{8}$" is fixed by the Special Committee at Rs. 20 "on" then in the delivery order tendered to the Clearing House the variety difference would be mentioned by the Clearing House, as Rs. 10+18¾ i.e., Rs. 11-14 "off" and in the arbitration award the "on" allowance for staple would be mentioned as 1/16" "on" i.e., Rs. 20 "on" less 18¾ per cent. i.e., Rs. 16-4. Therefore the seller of discount i.e., "off" cotton, instead of getting only Rs. 10 "off" for variety and Rs. 20 "on" for staple, i.e., Rs. 10 "on" per candy would get Rs. 4-6 "on" per candy.

The basis cotton shall be excluded from the above restrictions. In other styles class difference awarded in arbitration shall not be taken into account when calculating the above mentioned handicap of 18¾ per cent.

(3) That the Contract shall be styled "Indian Cotton Contract."

(4) *Descriptions Tenderable.*—(*i*) Jarilla (Basis), (including Verum, Cambodia and Upland) cottons grown in Khandesh, Berar, Nizam Hyderabad, C.P. and Central India, Gwalior State and certain Rajputana states; (*ii*) Broach, Surti (including Navsari) and Rajpipla cottons grown in Gujerat; (*iii*) Punjab and Sind American styles, roller as well as saw-ginned from the Punjab and Sind Provinces; (*iv*) Dholleras and Kalagin cottons grown in Kathiawar; (*v*) Cutch cotton grown in the Cutch State; (*vi*) Western, Coompta, Upland, Bagalkot, Bijapur and Miraj cottons grown in the "Southern" areas.

(5) *Standards.*—Standards to be prepared and maintained separately for class and for staple for the following :—(*a*) Jarilla (Basis) (Verum, Cambodia Upland and Gaorani) from Jarilla cotton grown in Khandesh District (Verum, Cambodia Upland and Gaorani cottons from Jarilla districts to be surveyed against this standard); (*b*) Broach; (*c*) Surti (including Navsari); (*d*) Rajpipla; (*e*) 4F, LSS, and 289F, both Punjab and Sind styles and N.T. Roller as well as Saw-ginned; (*f*) Dholleras; (*g*) Kalagin; (*h*) Cutch; (*i*) Upland (Southerns); (*j*) Coompta, (Jowari and Jayawant); (*k*) Western; (*l*) Bagalkot/Bijapur; (*m*) Miraj;

*Boxes* for class and standards for staple to be made for the following :—

*Class.*—Extra Superfine, Superfine Fine (Basis), Fully Good and Good to Fully Good i.e., half a class "off" Fully Good.

*Note.*—Cotton below the standard "Fully Good" shall be rejected.

*Staple.*—$\frac{7}{8}$", 13/16" and $\frac{7}{8}$".

(6) *Months of Delivery.*—February, March, May, July and September.

The Committee accepted the scheme as proposed but pointed out to the East India Cotton Association that in their view a great responsibility would devolve on the Survey and Appeal Committees, especially the latter, the personnel of which must be most carefully selected.

On the 15th July 1942 the Government of Bombay published a notification which brought into effect forthwith certain amendments of the by-laws of the East India Cotton Association. These amendments in the main were based on the recommendations of the Hedge Contracts Sub-Committee.

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## IMPORTS OF GROUNDNUTS FROM THE NIZAM'S DOMINION.

In September 1942, intimation was received from the Government of India that permits for the export of old stocks of groundnuts from Hyderabad State were being issued freely by the Nizam's Government.

Complaints were, however, received from certain members that difficulties and delays had been experienced in securing exit permits from the talukdars concerned.

The Committee accordingly addressed the Revenue Secretary to the Nizam's Government drawing attention to these complaints and requested that steps should be taken to ensure that these permits were issued promptly as the goods were urgently wanted for shipment to the United Kingdom.

In reply the Revenue Secretary stated that everything was being done to facilitate the export of groundnuts and castor seed and the talukdars had been advised not only to permit but even to encourage the free export of these commodities and were providing every convenience to the exporters.

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## INTERNATIONAL TEA CONTROL SCHEME.

When addressing the Associated Chambers of Commerce of India in July 1942 in connection with the proposed constitution of a Central Food Advisory Council, the Committee took the opportunity to draw attention to the question of tea supplies,

a matter which it was expected would be considered by the Council. There had been a shortage of tea in India for some considerable time and with the prospect of a world shortage owing to the loss of Java, the Committee felt that India ought to be put immediately on to full production. In actual fact it was understood that there was in being a scheme of voluntary restriction of tea for consumption in India. The Committee suggested that representations should be made to the Indian Tea Association in this connection.

In August 1942 the Government of Bombay requested the views of the Chamber on the question of the continuation of the Indian Tea Control Act after 31st March 1943, as this matter was under the consideration of the Government of India.

The Indian Tea Control Act, 1938, implemented the International Tea Agreement which was an agreement between the tea producers of the following countries, India, Ceylon and the Netherlands East Indies. The British East African territories, of Kenya, Uganda, Tanganyika and Nyasaland subsequently participated in the Agreement.

The International Tea Committee, London, recommended to the Government of India that the existing International Tea Agreement should be continued for the duration of hostilities and for two clear quota years after the termination of hostilities, in its existing form but that the participating countries might propose such modifications as might be necessary to convert the Producers' agreement into an Inter-Governmental one before the expiry of the extended period.

The Indian Tea Association to whom the question was first referred by the Government of India, in order to elicit the opinion of the tea industry in this country, reported that the majority of the Indian Tea Industry were in favour of continuance of the Indian Tea Control Act with any amendments which might be deemed essential in the light of its working.

The Committee in reply informed the Government of Bombay that they felt that the question of renewal of the International Tea Agreement required careful consideration in the light of India's own requirements of tea. For some time past a severe shortage of tea—not connected with transport difficulties—had been felt in all consuming centres, and at Calcutta auctions in 1942 the prices paid for tea for consumption in India were about double those of 1941.

The export quota was based on a survey of crops taken over nine years ago, and throughout the life of the India Tea Control Act 1933 and especially in recent years, there had been a very large volume of sales and purchases of quota. This showed that

the basis of quota distribution did not always accord with crop capacity, and in this lay a real danger for the Indian consumer, because gardens that could not produce their full export quota sold theirs to others which had a surplus of tea. It followed, therefore, that tea exported with bought quota probably came out of the balance left in India for home consumption. As a result of the loss of Java there was a very great demand throughout the world for Indian tea, and India's export quota stood at 125 per cent. and there was reasonable grounds for apprehension that the balance left for internal consumption might be insufficient for India's needs. Moreover, India's consumption was rapidly increasing, having doubled itself within about the last 10 years, and it was questionable whether some relaxation of the ban on fresh planting imposed by the International Agreement was not immediately necessary in order to make provision for India's further needs.

Altogether it was the opinion of the Committee that a fresh and thorough survey of India's crop capacity was required before any engagements should be entered into for a prolongation of the International Agreement even for the period of the war and two years thereafter. It was precisely during the period of the war that the existing scheme of control held out the greatest danger of a shortage of tea for the Indian consumer.

The danger was clearly illustrated by the report of a large planting company recently published, the basic assessment of which Company for 1942-43 was estimated at 13,700,000 lbs. The tea quotas, which it was estimated, the company would be allotted for the year was 11,700,000 lbs., for export, and 2,329,000 lbs., for local markets, or 14,029,000 lbs., in all, while the crop was estimated not to exceed 12,600,000 lbs. If the Company preferred to fulfil the whole of its export quota, then the shortage of 1,429,000 lbs., would be in tea for consumption in India, or approximately 1¼ per cent. of India's estimated requirements. This was from one company alone, admittedly a large one.

In October 1942, the Government of India informed the Associated Chambers that it had been decided to hold a conference on the 16th of that month in New Delhi to consider details of tea block purchase for exports abroad for equitable distribution to consuming countries and requested the Associated Chambers to depute two representatives to attend the conference.

Owing to the shortage of time, and the concentration of tea broking, trade and industrial interests, which existed in Bengal and Assam, the President of the Associated Chambers nominated Mr. Studd, a Tea Broker and Mr. Surrey, Chairman of the Tea Traders' Association, both of Calcutta to represent the Association. This Chamber approved of these nominations.

The Associated Chambers of Commerce of India was advised later by the Government of India that it had been decided to hold a Tea Control Conference of all interests concerned on Friday, 6th November, at New Delhi, and was asked to depute a representative to attend the Conference.

The following matters were for consideration by the conference :

(1) Question of continuance of the Indian Tea Control Act after 31st March 1943.

(2) Amendments needed to the Indian Tea Control Act and the rules issued thereunder if the Act was to be extended.

(3) Other cognate matters.

As the tea growing interests of North and South India had been asked to send representatives to the Conference, the President of the Associated Chambers proposed, subject to the approval of constituent Chambers, to nominate someone representative of the tea exporting interests, after consulting the Calcutta Tea Traders' Association.

The Committee informed the Associated Chambers that they approved of the above suggestion.

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## PAYMENT OF TERMINAL TAX ON F.O.R. (NAMED DESTINATION) QUOTATIONS.

In June 1942 a member drew the attention of the Committee to a notice he had received calling upon him to pay the Ambala Cantonment terminal tax in respect of certain goods which had been supplied to the Garrison Engineer, Ambala, f.o.r. Ambala Cantonment Railway Station.

The Committee informed the member that in their view it was the general custom that the seller was not responsible for terminal tax at destination stations, unless he had specifically agreed beforehand to bear this charge.

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## DEPARTMENT OF SUPPLY.

### (1) Conditions of Contract.

The following notice which was issued by the Department of Supply (Purchase Branch) of the Government of India in April 1942 is reproduced for purposes of record :—

Under the existing procedure " Invitations to Tender" are accompanied by General and Special Conditions governing the contract, except in the case of certain firms on the late Contracts Directorate list who had agreed to abide

by the conditions with copies being sent to them on each and every occasion. With a view to economy in paper and for the convenience of contractors, a pamphlet has been issued, which contains the following :

(*a*) General Conditions applicable to all Department of supply contracts (Form W. S. B. 133).

(*b*) Special Conditions for Rate Contracts (Form W. S. B. 136A).

(*c*) Special Conditions for Running contracts (Form W. S. B. 173A).

(*d*) Special Conditions for Plant and Machinery (Form W. S. B. 134A).

(*e*) Standard Break Clause which is generally included in contracts of Rs.25,000 and over specifying deliveries beyond six months from date of contract.

The Conditions of Contracts included in the pamphlet are in supersession of those which were in use in the late Contracts Directorate and the late Indian Stores Department and apply to contracts entered into by the Purchase Branch of the Department of Supply.

2. The "Invitations to Tender" issued under the new procedure will only refer to the form in the pamphlet which will govern contracts made and will be accompanied by schedules and such special conditions as may also be applicable. Tenders submitted by contractors in response to such Invitations will be automatically governed by the conditions of contract referred to in the invitations and the resulting contract will be legally enforceable against Government and contractors.

3. The new procedure will come into force from 15th May 1942 or shortly thereafter. Firms are therefore advised to procure copies of the pamphlet which is priced at annas 2 per copy as early as possible from any of the sources referred to in para. 4 below and make themselves fully conversant with the conditions, a thorough knowledge of which will considerably help them in their dealings with the Department.

4. The pamphlet may be obtained from the Manager of Publications, Government of India, Central Publication Branch, Civil Lines, Delhi; Manager, Government Printing and Stationery, Peshawar ; Superintendent, Government Printing, Lahore ; Manager, Sind Government Book Depot and Record Office, Karachi ; Superintendent, Printing and Stationery, Allahabad ; Superintendent, Government Printing, Nagpur ; Superintendent, Government Printing and Stationery, Bombay ; Superintendent, Government Press, Madras ; Government of India Book Depot, 8, Hastings Street, Calcutta and Superintendent, Government Printing, Gulzarbagh, Patna.

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## DEPARTMENT OF SUPPLY.

### (2) Delays in payment of Contractors' Bills.

In December 1941 the Government of India introduced a revised procedure the object of which was to accelerate payment of contractors' bills. It provided for the contractor claiming (*a*) Final 100 per cent. payments, or (*b*) when the " Acceptance of tender " provided for it, " On account " payments on inspection and proof of despatch of stores, the balance being payable later after the contractor had obtained the consignees' receipts for the stores on Balance Payment Form W. S. B. 117.

With effect from the 1st June the Government of India decided that "Advance 100 per cent. payments" should be made on inspection and proof of despatch of stores. This procedure would not, however, apply to contracts in which, for special reasons, provision was made for Progress payments. Examples of such payments were (*a*) Payment for plant and machinery, pending erection and inspection at site, (*b*) payment on proof of despatch pending inspection (tyres, tubes, and motor parts), and (*c*) payments for collection of materials or work done in advance of manufacture and delivery of completed articles, e.g., contracts for shipbuilding, supply of chassis to body-builders and motor body-building.

The revised procedure would not also apply to contracts for timber made under special arrangements by the Timber Directorate through Provincial Governments, and leather supplied against indents by the Harness and Saddlery Factory.

In all these cases, payments would continue to be made in accordance with the provisions of the contracts.

For the purpose of investigating all cases in delays in payment the Government of India in May 1942 appointed Mr. K. R. S. Rau, a retired Accountant General, as Officer on Special duty in the Main Secretariat of the Supply Department. His main duties were (1) to examine the existing procedure in regard to the placing of orders, the inspection of stores, their receipt by consignees, and the payment of bills by Accounts offices and to ascertain the bottlenecks that were hindering the prompt payment of bills to contractors; (ii) to suggest, in consultation with the authorities concerned, remedies for overcoming existing difficulties; (iii) to undertake publicity work for educating contractors in connection with the submission of their bills; (iv) to examine the specific or general complaints of contractors about delays in payment; and (v) to work out a suitable procedure for the collection and disposal of consignees' receipts.

Mr. Rau visited Bombay in July 1942 and members were given an opportunity of placing before him their complaints in regard to delays in payment of their bills for stores supplied to the Supply Department.

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## HOLIDAY FOR HALF-YEARLY CLOSING OF BANKS' ACCOUNTS.

(*See Reports* 1924, *page* 320; 1941, *page* 49.)

In May 1942, the Government of Bombay informed the Chamber that the Chairman, Exchange Banks' Association, Bombay, The Imperial Bank of India, the President, Bombay

Bankers' Clearing House and the Reserve Bank of India had represented to Government that the 1st July 1942 might be declared a public holiday, in order to enable the banks to complete their balance work before the re-opening for business in July. They stated that the existing lighting restrictions made it impossible for the staff to sit late hours for attending to the work. Other reasons for the grant of a similar public holiday advanced in 1941 were that a number of the banks' supervising staff were absent on war service and that the working hours were limited under the Bombay Shops and Establishments Act, 1939. It was also stated that there was a holiday for balance purposes on the 30th June or the 1st July in Calcutta, Madras and other places. These reasons were reported to hold good in the current year also.

As the annual bank accounts were closed on the 30th June and that day and the 1st July were both working days in 1942, Government had been urged to declare the 1st July as a public holiday under the Negotiable Instruments Act. Government had also been asked to consider the desirability of declaring the 1st July as a holiday in future whenever the 30th June and 1st July happened to be both working days.

Government requested the views of the Chamber.

In reply the Committee stated that they agreed with both the proposals.

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## SHARES AND SECURITIES.

### Proposed fixing of minimum Prices.

In March 1942 the Native Share and Stock Brokers' Association requested the Chamber's support to a representation the Association had made to the Government of India urging that minimum prices should be fixed not only for Government securities but also for all shares dealt with in the Bombay, Calcutta and Madras Stock Exchanges.

The Committee were not, however, in favour of supporting the representation.

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## INDUSTRIAL RESEARCH.

(*See Reports* 1940, *page* 187 ; 1941, *page* 169.)

On page 172 of the Chamber's Report for 1941 there was recorded a list of the non-technical notes prepared under the auspices of the Board of Scientific and Industrial Research. In

April 1942 the Director of Industries forwarded to the Chamber copies of the following further non-technical notes, which were placed at the disposal of members :—

1. Manufacture of Dettol Type of Disinfectants in India.
2. Treatment of Manganese Ores for use in Dry Cell manufacture.
3. Manufacture of Ionone.
4. Preparation of ' Atoxyl ' and 'Carbarsone'.

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## WITHDRAWAL OF CREDIT FACILITIES BY LARGE COMMERCIAL HOUSES.

In September 1942, the Chamber was asked by the Associated Chambers of Commerce of India for an expression of its views on the question of the withdrawal of credit facilities by large commercial houses. Certain of the constituent Chambers held the view that a policy of cash on delivery would not only wreck the whole of the credit system which had been built up, but also that it would increase the feeling of insecurity at a time when confidence must be maintained. The Associated Chambers had consequently been requested to ask constituent Chambers to recommend to all their members to preserve existing credit facilities as much as possible.

The Committee considered, however, that this was a matter that should be left to individual firms and companies to decide in the light of the special conditions governing their business. They were opposed to the Associated Chambers making any recommendation in this connection.

A reply was accordingly sent to the Associated Chambers to the above effect and the Chamber was subsequently informed that no further action was being taken.

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## LIST OF ACTS AFFECTING COMMERCE AND INDUSTRY PASSED BY THE INDIAN LEGISLATURE DURING THE YEAR 1942.

### Central Legislature.

I. Workmen's Compensation (Amendment).
II. Indian Merchant Shipping (Amendment).
V. Indian Boilers (Amendment).
VII. Coffee Market Expansion.
IX. Cotton Ginning and Pressing Factories (Amendment).
X. Indian Patents and Designs (Extension of Time).

XI. Protective Duties Continuation.
XII. Indian Finance.
XIII. Agricultural Produce (Grading and Marking) Amendment.
XVI. Indian Limitation (Amendment).
XVII. Indian Companies (Amendment).
XVIII. Weekly Holidays.
XIX. Industrial Statistics.
XX. Motor Vehicles (Amendment).
XXI. Indian Companies (Second Amendment).
XXII. Indian Rubber Control (Temporary Amendment).
XXIII. Code of Civil Procedure (Amendment).
XXIV. Code of Civil Procedure (Second Amendment).
XXV. Repealing and Amending.
XXVI. Federal Court (Supplemental Powers).

BOMBAY PROVINCIAL LEGISLATURE.

I. City of Bombay Municipal (Amendment).
III. City of Bombay Police (Amendment).
IV. Bombay Town Planning (Amendment).
VI. Bombay Finance (Amendment).
VII. Bombay Rent Restriction (Amendment).
VIII. City of Bombay Municipal (Second Amendment).
IX. Bombay Motor Vehicles Tax (Amendment).
X. Indian Registration (Bombay Amendment).
XI. Bombay Civil Courts (Amendment).
XII. Bombay Primary Education (Amendment).
XIII. City of Bombay Municipal Corporation (Extension of Term) (Amendment).
XV. City of Bombay Municipal (Third Amendment).
XVI. City of Bombay Municipal (Fourth Amendment).
XVIII. Bombay Molasses.
XX. Bombay Civil Courts (Second Amendment).
XXI. Bombay Ferries (Amendment).
XXIII. Bombay Power Alcohol and Petroleum.

## CHAMBER'S ACCOUNTS.

In presenting the Chamber's accounts for the year 1942, the Committee report that after making provision for taxation, there was an excess of income over expenditure of Rs. 57,792-13-8. Owing to the restrictions placed by Government on the publication of statistics, the Chamber's Returns are, at the moment, of less value than they formerly were and the Committee decided to reduce the subscriptions of members to the Returns by 50 per cent. during the period of the War provided the Chamber's earnings continued to permit this to be done. The subscriptions paid by members for the first half of 1942 were consequently taken to cover the subscriptions for the whole year and no amount was therefore debited against members for the second half of the year. As a result of the above decision there was a decrease in respect of subscriptions to the Statistical Returns of Rs. 12,711-1-9. Measurement Fees showed an increase of Rs. 29,042-10-0 and Fees from Certificates of Origin an increase of Rs. 2,405.

The total expenditure was Rs. 35,423-14-5 over that of 1941.

J. M. B. GIBBONS,
*President.*

G. S. TAUNTON,
*Member of Committee.*

C. H. COURTHOPE-MUNROE,
*Secretary.*

BOMBAY, *5th March*, 1943.

# THE BOMBAY CHAMBER OF COMMERCE.

**(Incorporated under the Indian Companies Act, 1913.)**

*Balance Sheet as at 31st December, 1942.*

| LIABILITIES. | Rs. a. p. | Rs a. p. |
|---|---|---|
| Outstanding Bills— | | |
| Sundry Creditors .. .. .. | | 13,699 0 0 |
| Naval Authorities Assisted Telegrams Payment due as per contra .. .. | | 1,519 15 0 |
| Advance Receipts .. .. .. .. | | 742 0 0 |
| Reserve for passages .. .. .. | | 2,314 2 6 |
| Excess Profits Tax Payable .. .. | 5,844 0 0 | |
| *Less*—Income and Corporation tax relief .. .. .. .. | 1,917 10 0 | |
| | | 3,926 6 0 |
| Reserve for Taxation— | | |
| As per last balance sheet .. .. | 27,650 0 0 | |
| *Less*— | | |
| Income and Corporation tax assessment .. 1940-41 Rs. 700 14 0 | | |
| 1941-42 365 13 0 | | |
| 1942-43 22,288 8 0 | | |
| Deducted at source .. 1,254 4 4 | | |
| Excess Profits Tax payable in respect of 1941 .. .. 5,844 0 0 | | |
| 30,453 7 4 | | |

| ASSETS. | | Rs a. p. | Rs. a. p. |
|---|---|---|---|
| Office Furniture— | | | |
| Estimated value as on 31st December 1928 less sales to 31st December 1935 .. .. .. .. .. | | 7,525 0 0 | |
| Additions at cost— | | | |
| In previous years .. .. .. .. .. | | 8,498 13 0 | |
| In this year .. .. .. .. .. .. | | 55 0 0 | |
| | | 16,078 13 0 | |
| *Less*—Depreciation— | Rs. a. p. | | |
| In previous years .. .. .. | 13,178 14 0 | | |
| In this year .. .. .. .. | 632 0 0 | | |
| | | 13,810 14 0 | 2,267 15 0 |
| Statistical Furniture— | | | |
| At cost .. .. .. .. .. | | 4,682 12 0 | |
| *Less*—Depreciation— | | | |
| In previous years .. .. .. | 4,433 0 0 | | |
| In this year .. .. .. .. | 245 12 0 | | |
| | | 4,678 12 0 | 4 0 0 |
| Measurement Furniture— | | | |
| At cost .. .. .. .. .. | | 251 8 0 | |
| Added during the year .. .. .. | | 151 0 0 | |
| | | 402 8 0 | |
| *Less*—Depreciation— | | | |
| In previous years .. .. .. | 107 12 0 | | |
| In this year .. .. .. .. | 70 10 0 | | |
| | | 178 6 0 | 224 2 0 |
| Measurement Department Chowkies— | | | |
| At cost .. .. .. .. .. | | 1,617 1 0 | |
| Added during the year .. .. .. | | 2,271 0 0 | |
| | | 3,888 1 0 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Charged to Income and Expenditure account | 2,803 7 4 | 27,650 0 0 | | | | | |
| Reserved out of 1942 Income | | | 34,500 0 0 | | | | |
| Reserve for Depreciation of Investments— | | | | | | | |
| As per last Balance Sheet | | | 5,172 8 0 | | | | |
| Accumulated Funds— | | | | | | | |
| As per last Balance Sheet | | 2,88,111 15 8 | | | | | |
| *Add*—Excess of Income over Expenditure (as per annexed Account) | | 57,792 13 8 | | | | | |
| | | | 3,45,904 13 4 | | | | |
| | | Rs. | 4,07,778 12 10 | | | | |

| | | | | |
|---|---|---|---|---|
| *Less*—Depreciation— | | | | |
| In previous years | 808 10 0 | | | |
| In this year | 688 3 0 | | | |
| | | 1,496 13 0 | | 2,391 4 0 |
| Investments— | | | | |
| At cost | | | | 3,88,308 7 |
| (Market Value Rs. 3,97,059-6-0) | | | | |
| Advance Payments— | | | | |
| Loans to Staff (since recovered Rs. 101) | | 197 0 0 | | |
| Due from the National Service Advisory Committee (since recovered) | | 755 7 9 | | |
| Due from the British Committee for Frustrated Cargoes (since recovered) | | 164 14 0 | | |
| Deposit with the Government of India, Publication Branch | | 98 2 0 | | |
| | | | | 1,215 7 9 |
| Naval Authorities Assisted Telegrams Collection Account— | | | | |
| Deposit with the Government Telegraph Office in connection with "Assisted Telegrams" | | 200 0 0 | | |
| Cash in hand | | 1,319 15 0 | | |
| | | | | 1,519 15 0 |
| Cash and other balances— | | | | |
| In hand | | 73 6 9 | | |
| With the Imperial Bank of India in Current Account | | 11,774 3 4 | | |
| | | | | 11,847 10 1 |
| | | | Rs. | 4,07,778 12 10 |

SHARP & TANNAN,
*Chartered Accountants.*

BOMBAY, *5th March*, 1943.

J. M. B. GIBBONS,
*President.*

G. S. TAUNTON,
*Member of Committee.*

C. H. COURTHOPE-MUNROE,
*Secretary.*

# THE BOMBAY CHAMBER OF COMMERCE.

(Incorporated under the Indian Companies Act, 1913.)

*Dr.* *Income and Expenditure Account for the year ended 31st December 1942.* *Cr.*

| EXPENDITURE | Rs. a. p. | Rs. a. p. | INCOME. | Rs. a. p. | Rs. a. p. |
|---|---|---|---|---|---|
| To— | | | By— | | |
| Subscriptions— | | | | | |
| Federation of Chambers of Commerce of the British Empire .. | 29 3 0 | | Membership Subscription. | | 65,460 0 0 |
| Associated Chambers of Commerce of India .. .. .. .. | 640 0 0 | | *Statistical Department—* | | |
| | | 669 3 0 | Returns.. .. .. | 11,640 13 0 | |
| *Chamber Office.* | | | Special Returns .. | 4,570 12 6 | |
| Salaries .. .. .. .. .. | 64,096 8 0 | | Sundries.. .. .. | 148 4 0 | |
| Rent .. .. .. .. .. | 7,200 0 0 | | | | 16,359 13 6 |
| Printing Miscellaneous Papers, Annual Report for 1941, etc. .. .. | 4,732 12 0 | | *Measurement Department—* | | |
| Advertisements .. .. .. .. | 38 0 0 | | Measurement Fees .. | 1,95,757 6 6 | |
| Books and Periodicals .. .. .. | 510 8 6 | | Weighment Fees .. | 17,301 3 6 | |
| Stationery .. .. .. .. | 1,690 15 0 | | Sundries .. .. | 1,876 0 0 | |
| General Charges.. .. .. .. | 3,826 10 3 | | | | 2,14,934 10 0 |
| Telephone .. .. .. .. | 487 4 0 | | *Arbitration and Certificates—* | | |
| Insurance— | | | Arbitrations .. .. | 90 0 0 | |
| Fire .. .. .. .. .. | 14 1 0 | | Certificates : | | |
| Cash in Transit .. .. .. | 196 7 0 | | *Origin* .. .. | 34,372 0 0 | |
| Employer's Indemnity .. .. | 151 10 0 | | Refraction .. .. | 1,660 0 0 | |
| Contribution to the Provident Fund .. | 5,209 10 0 | | *Force Majeure* .. | 45 0 0 | |
| Law Charges .. .. .. .. | 60 0 0 | | Sundries .. .. | 56 4 0 | |
| Audit Fee .. .. .. .. | 250 0 0 | | | | 36,223 4 0 |
| Motor Car Upkeep .. .. .. | 2,368 3 0 | | *Interest on Investments—* | | |
| Replacements to Car .. .. .. | 389 7 0 | | Taxed at source .. | 7,543 12 0 | |
| Port Trust Ground Rent .. .. | 100 0 0 | | Tax Free .. .. | 4,275 0 0 | |
| Furniture Depreciation .. .. | 632 0 0 | | | 11,818 12 0 | |
| Bonus to Staff .. .. .. .. | 10,561 0 0 | | *Less*— Accrued at 1st Jan. 1942 .2,646 5 8 | | |
| *Gratuity to Staff* .. .. .. | 928 2 11 | | Paid on purchase .. 354 11 7 | 3,001 1 3 | |
| | | 1,03,443 2 8 | | | 8,817 10 9 |
| *Statistical Department.* | | | | | |
| Salaries .. .. .. .. .. | 21,114 4 0 | | | | |
| Do. Typists .. .. .. | 5,124 0 0 | | | | |
| Cyclostyling Returns .. .. .. | 3,802 8 0 | | | | |
| Printing Returns .. .. .. | 775 0 0 | | | | |
| Contribution to the Railways .. .. | 1,313 7 0 | | | | |
| Books and Periodicals .. .. .. | 14 4 0 | | | | |
| Stationery .. .. .. .. | 766 10 6 | | | | |
| Petty Charges .. .. .. .. | 761 11 0 | | | | |
| Contribution to the Provident Fund .. | 2,040 0 0 | | | | |
| Furniture Depreciation .. .. | 245 12 0 | | | | |
| Bonus to Staff .. .. .. .. | 4,089 0 0 | | | | |
| | | 40,046 8 6 | | | |
| *Measurement Department.* | | | | | |
| Salaries .. .. .. .. .. | 74,554 3 8 | | | | |
| Printing .. .. .. .. .. | 3,052 8 0 | | | | |
| Stationery .. .. .. .. | 621 2 9 | | | | |
| Telephone .. .. .. .. | 280 0 0 | | | | |
| Bonus to Staff .. .. .. .. | 12,038 5 4 | | | | |
| Petty Charges .. .. .. .. | 1,378 15 0 | | | | |
| Weighment—Labour and Scales .. | 2,078 6 0 | | | | |
| Repairs to Chowkies, etc. .. .. | 1,105 8 0 | | | | |
| Furniture Depreciation .. .. | 758 13 0 | | | | |
| Contribution to the Provident Fund .. | 5,470 13 4 | | | | |
| Pensions and Gratuities .. .. | 120 0 0 | | | | |
| | | 1,01,458 11 1 | | | |
| Travelling Expenses .. .. .. | 81 8 0 | | | | |
| Passages .. .. .. .. | 1,000 0 0 | | | | |
| *Taxation—* Rs. a. p. | | | | | |
| *Balance of tax payable in 1942-43* .. .. 2,803 7 4 | | | | | |
| This year's provision.. 34,500 0 0 | | | | | |
| | 37,303 7 4 | | | | |
| | | 38,384 15 4 | | | |
| Balance, being excess of Income over Expenditure, transferred to Accumulated Funds .. .. .. | .... | 2,84,002 8 7 | | | |
| | | 57,792 13 8 | | | |
| | Rs. | 3,41,795 6 3 | | Rs. | 3,41,795 6 3 |

## REPORT OF THE AUDITORS TO THE MEMBERS.

We have audited the foregoing Balance Sheet of the BOMBAY CHAMBER OF COMMERCE as at the 31st day of December 1942, and also the foregoing Income and Expenditure Account for the year ended upon that date, and report that—

(a) we have obtained all the information and explanations which we have required;

(b) in our opinion, the foregoing Balance Sheet and Income and Expenditure Account are drawn up in conformity with the law;

(c) such Balance Sheet exhibits a true and correct view of the state of the Chamber's affairs according to the best of our information and the explanations given to us and as shown by the books of the Chamber, and

(d) in our opinion, books of account have been kept by the Chamber as required by Section 130 of the Indian Companies Act, 1913.

SHARP & TANNAN,
*Chartered Accountants,*
*Registered Accountants.*

BOMBAY, *5th March*, 1943.

J. M. B. GIBBONS,
*President.*

G. S. TAUNTON,
*Member of Committee.*

C. H. COURTHOPE-MUNROE,
*Secretary.*

# THE BOMBAY CHAMBER OF COMMERCE PROVIDENT FUND.

*Statement of Accounts from 1st January to 31st December 1942.*

| | | | | | |
|---|---|---|---|---|---|
| MEMBERS' ACCOUNTS | | | Rs. a. p. | Rs. a. p. | |
| Balance brought forward | | | .... | 4,25,625 13 11 | |
| *Add*— | | | | | |
| Subscriptions received from members | | | 12,720 7 4 | | |
| Contributions paid by the Chamber | | | 12,720 7 4 | | |
| Non-repayable withdrawals recovered | | | 1,025 0 0 | | |
| Interest received and accrued | | | 13,178 4 9 | | |
| | | | | 39,644 3 5 | |
| | | | | 4,65,270 1 4 | |
| *Deduct*— | | | | | |
| Paid to members (inclusive of interest) | | | 67,780 14 1 | | |
| Non-repayable withdrawals (Rule 28 (4)) | | | 401 2 0 | | |
| Transferred to Lapses and Forfeitures Account | | | 5 8 0 | | |
| | | | | 68,187 8 1 | |
| Balance at Credit of Members | | | .... | 3,97,082 9 3 | |
| LAPSES AND FORFEITURES ACCOUNT— | | | | | |
| Balance brought forward | 13,042 11 4 | | | | |
| Forfeited during the year | 5 8 0 | | | | |
| | | | 13,048 3 4 | | |
| *Add*—Profit on sale of Investments | .... | | 523 5 0 | | |
| | | | | 13,571 8 4 | |
| | | | Rs. | 4,10,654 1 7 | |

Held thus—

| | Face Value. | Market value on 31st December 1942. | Cost Price. |
|---|---|---|---|
| | Rs. | Rs. a. p. | Rs. a. p. |
| 2½ % Loan 1948-52 Stock | 52,000 | 51,480 0 0 | 51,634 6 0 |
| 3 % Defence Bonds 1946 Stock | 50,000 | 51,375 0 0 | 50,000 0 0 |
| 3 % Loan 1949-52 Stock | 21,000 | 21,078 12 0 | 21,000 0 0 |
| 3 % „ 1951-54 „ | 52,500 | 52,434 6 0 | 52,068 12 0 |
| 3 % „ 1963-65 „ | 1,33,000 | 1,26,931 14 0 | 1,30,611 9 0 |
| 3½ % „ 1947-50 „ | 27,300 | 28,238 7 0 | 26,914 8 0 |
| 4 % „ 1960-70 „ | 61,500 | 67,803 12 0 | 60,386 2 0 |
| | 3,97,300 | 3,99,342 3 0 | 3,92,615 5 0 |
| *Less*—Appreciation at this date | | 6,726 14 0 | |
| | | *3,92,615 5 0* | |

| | | |
|---|---|---|
| Interest accrued on investments and loans | 2,679 5 8 | |
| Due by members (since received Rs. 42) | 605 0 0 | |
| Cash with the Imperial Bank of India, in current account | 14,754 6 11 | |
| | Rs. | 4,10,654 1 7 |

Examined and found correct,

SHARP & TANNAN,
*Chartered Accountants,*
*Registered Accountants,*
*Auditors.*

J. M. B. GIBBONS,
*President.*

G. S. TAUNTON,
*Member of Committee.*

C. H. COURTHOPE-MUNROE,
*Secretary.*

BOMBAY, *5th March*, 1943.

# Report

OF THE

# Bombay Chamber of Commerce

FOR THE YEAR 1942

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CORRESPONDENCE, DOCUMENTS AND STATISTICS

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BOMBAY
G. CLARIDGE AND CO., LTD.
1943.

# THE WAR RISKS (GOODS) INSURANCE ORDINANCE, 1940.

(No. IX OF 1940)

AS AMENDED UP TO JANUARY, 1943.

*An Ordinance to make certain provisions for the insurance of goods in British India against damage by enemy action.*

Whereas an emergency has arisen which renders it necessary to make certain provisions for the insurance of goods in British India against damage by enemy action ;

Now, therefore, in exercise of the powers conferred by section 72 of the Government of India Act as set out in the Ninth Schedule to the Government of India Act, 1935, the Governor General is pleased to make and promulgate the following Ordinance :—

1. (1) This Ordinance may be called the War Risks (Goods) Insurance Ordinance, 1940.

(2) It extends to the whole of British India.

(3) It shall come into force on such date as the Central Government may, by notification in the official *Gazette*, appoint.

2. In this Ordinance, unless there is anything repugnant in the subject or context,—

(*a*) " agricultural products " means products of agriculture, horticulture or sylviculture and includes growing crops, plants and trees ;

(*b*) " goods " means any materials, commodities or articles and includes materials or articles used in or for the construction of ships up to the time at which a ship after construction is launched ;

(*c*) " war risks " means such risks arising from

(*i*) action taken by an enemy or action taken in combating an enemy or in repelling an imagined attack by an enemy,

(*ii*) measures taken under proper authority to avoid the spreading of, or otherwise to mitigate, the consequences of damage occurring (whether accidentally or not) as the direct result of any such action as aforesaid,

(*iii*) precautionary or preparatory measures taken under proper authority with a view to preventing or hindering the carrying out of any attack by an enemy, being measures involving a substantial degree of risk to property,

(*iv*) precautionary or preparatory measures involving the doing of work on land and taken under proper authority in any way in anticipation of enemy action, being measures involving a substantial degree of risk to property,

(*v*) precautionary or preparatory measures taken under proper authority with a view to denying facilities to an enemy, being measures involving a substantial degree of damage to or diminution of the value of the property,

as may be prescribed ;

(*d*) " live-stock " includes animals of any description ;

(*e*) " prescribed " means prescribed by rules made under this Ordinance ;

(*f*) " seller of goods " includes a seller of goods acting as an agent, and, in relation to any person carrying on the business of selling goods as an agent, any reference in this Ordinance to goods produced by him or to goods not produced by him shall be construed as including a reference to goods produced, or, as the case may be, not produced by his principal.

3. (1) Subject to the provisions of this section—

(*a*) The following goods shall, in relation to any person carrying on business in British India as a seller of goods of any description produced by him, be deemed to be goods insurable under this Ordinance, that is to say, all goods situated in British India being either—

(*i*) goods of that description, or

(*ii*) goods used as material from which goods of that description are produced or as ingredients or component parts of goods of that description ; and

(*b*) The following goods shall, in relation to any person carrying on business in British India as a seller of goods of any description not produced by him, be deemed to be goods insurable under this Ordinance, that is to say, all goods of that description being goods situated in British India or when consigned from one place in British India to another place in British India and in transit, situated in India.

(2) In relation to a person carrying on in British India the business of selling agricultural products produced by him, all agricultural products and live-stock for the time being situated in British India shall, subject to the following provisions of this section, be deemed to be goods insurable under this Ordinance.

Provided that the Central Government may by general or special order direct that the provisions of section 7 shall not operate so as to require a person to be insured in respect of any goods which, in relation to that person would not, apart from the provisions of this sub-section, be goods insurable under this Ordinance.

(3) Things which, in relation to a person carrying on any business as a seller of goods, are at any time goods insurable under this Ordinance shall not cease to be goods so insurable by reason only that they are subsequently placed in or affixed to land under a contract of sale entered into by that person in the course of that business.

(4) The Central Government may, by notification in the official *Gazette*, direct that goods of any description specified in the notification shall, notwithstanding anything contained in this section, be deemed not to be goods insurable under this Ordinance.

4. (1) Save in so far as is otherwise expressly provided in this Ordinance, any goods shall, subject to the provisions of this section, be deemed for the purposes of this Ordinance to be owned—

(*a*) if the property in the goods is for the time being vested in a person in relation to whom they are insurable under this Ordinance, by that person ;

(*b*) if the property in the goods is not so vested, by any person in relation to whom the goods are insurable under this Ordinance and who is for the time being entitled, either unconditionally or conditionally, to have the property in the goods vested in him :

Provided that where—

(*i*) any goods would, under the foregoing provisions of this sub-section, be deemed to be owned by a person in whom the property therein is vested otherwise than in the course of a business carried on by him in British India, or who is entitled to have the property therein vested in him otherwise than in the course of such a business, and

(*ii*) any person carrying on business in British India is for the time being entitled to sell the goods as agent,

the goods shall be deemed to be owned by the last mentioned person.

(2) Where in the course of any business a ship is being, or has been constructed under contract, and the ship or any part thereof or any goods appropriated for the construction thereof—

(*a*) would, apart from the provisions of this sub-section, have been deemed for the purposes of this Ordinance to be owned at any time by the person from time to time carrying on the business ; or

(*b*) have at any time been accepted, in pursuance of a contract made with him, by the person from time to time carrying on the business,

then, notwithstanding that they would not, apart from the said provisions, be deemed for the said purposes to be owned by the person from time to time carrying on the business, the ship and any part thereof and any goods so appropriated as aforesaid shall, subject to the provisions of sub-section (3), be deemed, in a case to which clause (*a*) applies, to continue to be owned by the person from time to time carrying on the business until the acceptance of the ship, in pursuance of the contract in question, by the person for whom it is being, or has been, constructed, and in a case to which clause (*b*) applies, to be owned by the person from time to time carrying on the business at all times between the acceptance referred to in the said clause (*b*) and the acceptance of the ship as aforesaid by the person for whom it is being, or has been, constructed.

(3) The provisions of sub-section (2) shall apply in relation to the construction under contract in the course of a business of part of a ship, not being part of a ship which is being, or has been, constructed by the person from time to time carrying on the business, as they apply in relation to the construction of a ship—

(*a*) with the substitution for references to a ship of references to part of a ship ;

(*b*) where the contract for the part of the ship is with the person for whom the ship is being constructed, with the substitution for references to the acceptance of the ship under the contract in question of references to the acceptance of the ship under the contract for the construction thereof ;

(*c*) where the contract for the part of the ship is with any other person, with the substitution for references to the acceptance of the ship under the contract in question of references to the acceptance of the part of the ship under the contract for the construction of the part by the person for whom it is being, or has been, constructed.

(4) Where the person from time to time carrying on a business receives any money, under a policy issued in pursuance of the War Risks (Goods) Insurance Scheme, in respect of the loss of or damage to a ship, part of a ship or goods which are deemed to be owned by him by virtue of sub-section (2) or sub-section (3), the money shall be held by him on trust for the person who apart from the provisions of those sub-sections would be deemed for the purposes of this Ordinance to be the owner of the ship, part or goods, subject, however, to any lien or charge which would otherwise be enforceable against the ship, part or goods, and subject also to the right to retain out of the money the amount of any expenses reasonably incurred by the first mentioned person in making good any part of the loss or damage which he is liable to make good.

5. (1) The Central Government may, by notification in the official Gazette, put into operation a scheme in this Ordinance referred to as the War Risks (Goods) Insurance Scheme whereby the Central Government undertakes, in relation to persons carrying on business in British India as sellers of goods, the liabilities of insuring such persons against war risks in respect of goods insurable under this Ordinance which are from time to time owned by such persons in the course of such business.

(1A) The War Risks (Goods) Insurance Scheme may also extend—

(*a*) to the undertaking by the Central Government, in relation to any person carrying on business in British India as a seller of goods, of the liability of insuring such a person against war risks in respect of goods insurable under this Ordinance which are not owned by him but in which he has an interest arising in the course of that business;

(*b*) without prejudice to the provisions of clause (*a*), to the undertaking by the Central Government, in relation to a person carrying on any business in British India, of the liability of insuring such a person against war risks in respect of—

(*i*) any goods situated in British India which are in his possession, otherwise than under a hire purchase agreement, for the purposes of that business,

(*ii*) any goods situated in British India which are subject to a mortgage in his favour held by him in the course of that business,

being in either case goods which are not owned by him but which are insurable under this Ordinance in relation to the person by whom they are owned.'

(*c*)[1] to the undertaking by the Central Government in relation to a person carrying on any business in British India of the liability of insuring such person against war risks in respect of any goods situated in British India having been sold in British India for export from British India, are in his possession for the purpose of such export and are goods which were prior to such sale insurable under this Ordinance in relation to the person by whom they were then owned.

(*d*) to the undertaking by the Central Government, in relation to any person carrying on business in British India as a seller of goods, of the liability of insuring such a person against war risks in respect of goods imported into British India through any port on the Continent of India, while such goods are situated at such port or are in transit from such port to a place in British India.

(1B) The War Risks (Goods) Insurance Scheme may also extend to the undertaking by the Central Government in relation to a Provincial Government of the liability of insuring the Provincial Government in such special cases as it thinks fit against war risks in respect of goods for the time being owned by the Provincial Government which are goods that would be goods insurable under this Ordinance if the Provincial Government were a person carrying on business in British India as a seller of goods of that description.

(2) The War Risks (Goods) Insurance Scheme shall be such as to secure—

(*a*) that any liability of the Central Government as insurers under the scheme is determined by a policy of insurance issued in the prescribed form and in respect of a period not exceeding the period for the time being prescribed in this behalf, by a person acting on behalf of the Central Government,

(*b*) that any premium under a policy so issued is payable at such rate as may be prescribed, and

(*c*) that the amount of any one premium payable under a policy so issued is not less than such sum as may be prescribed in this behalf.

(3) Different forms of policies, different rates of premium and different periods may be prescribed under sub-section (2) in relation to different descriptions of goods and according to the place at which and the circumstances in which the goods insured are situated.

5A. Where the rate of premium prescribed for the purposes of Clause (*b*), sub-section (2) of section 5 in respect of the period fixed for the purposes of Clause (*a*) of that sub-section is altered, the rate as so altered shall be the rate applicable to all policies under which premiums are payable in respect of that period notwithstanding that policies may have been issued on payment of premium at the rate in force before the alteration; and any policy issued on payment of premium at the rate in force before the alteration shall, when the rate has been increased by the alteration, cease to be valid on such date as may be fixed in this behalf by the Central Government unless before such date any deficiency in the amount paid as premium is made good by the policyholder.

6. The Central Government may employ or authorise the employment of any person or firm to act as its agent for any of the purposes of this Ordinance and may pay to persons or firms so employed such remuneration as the Central Government thinks fit:

Provided that no person or firm shall be so employed unless that person or firm is either—

(*a*) a member of an association prescribed in this behalf, or

(*b*) a person who in British India has a standing contract with underwriters who are members of the Society of Lloyd's, whereby such person is authorised within the terms of such contract to issue protection notes, cover notes or other documents granting insurance against war risks.

7. (1) No person shall, after such date as may be specified in this behalf by the Central Government by notification in the official Gazette, carry on any business in British India as a seller of goods, unless, in respect of any goods insurable under this Ordinance which are for the time being owned by him in the course of that business, there is in force a policy of insurance against war risks issued in accordance with the War Risks (Goods) Insurance Scheme, whereby he is insured in respect of such goods for a sum not less than the value thereof for the time being:

Provided that nothing in this sub-section shall restrict the carrying on of business as aforesaid by any person, if and so long as the value of all goods insurable under this Ordinance which are for the time being owned by him within one and the same Presidency-town or district in the course of that business does not exceed such amount as may be prescribed in this behalf:

Provided further that the Central Government may, by notification in the official Gazette, declare that the provisions of this sub-section shall not apply to the carrying on of business

as aforesaid by any person in respect of goods of any description specified in such notification.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to one thousand rupees and with a further fine which may extend to five hundred rupees for every day after the first on which the contravention continues.

7A. (1) Without prejudice to the provisions of sub-section (2) of section 7, where any person has failed to insure as, or to the full amount, required by this Ordinance, and has thereby evaded the payment by way of premium of any money which he would have had to pay but for such failure, an officer authorised in this behalf by the Central Government may determine the amount payment of which has been so evaded. The amount so determined shall be payable by such person and shall be recoverable from him as an arrear of land-revenue and shall be a first charge on the property in respect of which the default was made.

(2) A person against whom a determination is made under sub-section (1) may, within the prescribed period, appeal against such determination to the Central Government whose decision shall be final.

8. (1) After the date on which the War Risks (Goods) Insurance Scheme is put into operation, no person shall, except as a person authorised by the Central Government as their agent to issue policies in pursuance of that scheme, carry on the business of insuring persons carrying on business in British India, as sellers of goods, against war risks in respect of goods insurable under this Ordinance which are from time to time owned by such persons in the course of such business as is last mentioned.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to five thousand rupees and with a further fine which may extend to one thousand rupees for every day after the first on which the contravention continues.

9. (1) The Central Government shall establish a fund for the purposes of this Ordinance, to be called the War Risks (Goods) Insurance Fund, into which shall be paid all sums received by the Central Government by way of insurance premiums under the War Risks Insurance Scheme or by way of payments made on composition of offences under section 12A, or under any provision of law corresponding thereto in force in an Indian State or in the French Establishments in India or in the territories (hereinafter referred to as Administered areas) set out in the Schedule or ordered to be paid under section 545 of the Code of

Criminal Procedure, 1898 in any prosecution under this Ordinance and out of which shall be paid all sums required for the discharge by the Central Government of any of its liabilities under the War Risks Insurance Scheme, or for the payment by the Central Government of the remuneration and expenses of agents employed for the purposes of that scheme.

(2) If, at any time when a payment is to be made out of the said fund, the sum standing to the credit of the fund is less than the sum required for the making of that payment, an amount equal to the deficiency shall be paid into the fund as an advance out of general revenues.

(3) If at any time, the amount standing to the credit of the fund exceeds the sum which, in the opinion of the Central Government, is likely to be required for the making of payments out of the fund, the excess shall be paid into general revenues.

(4) The Central Government shall prepare in such form and manner as may be prescribed, and shall publish either annually or at such shorter intervals as may be prescribed, an account of all sums received into and paid out of the War Risks (Goods) Insurance Fund.

10. (1) Any person authorised in this behalf by the Central Government may, for the purpose of ascertaining whether or not the requirements of this Ordinance have been complied with.

(*a*) require any person carrying on in British India the business of fire insurance or of a seller of goods to submit to him such accounts, books or other documents or to furnish to him such information as he may reasonably think necessary, or

(*b*) at any reasonable time enter any premises occupied by any person carrying on in British India any such business, and inspect the premises and require any person found therein who is for the time being in charge thereof to produce to him and allow him to examine such accounts, books or other documents as may relate to the business carried on in the premises or to furnish to him such information as he may reasonably think necessary.

(2) Whoever wilfully obstructs any person in the exercise of his powers under this section or fails without reasonable excuse to comply with a request made thereunder shall, in respect of each occasion on which any such obstruction or failure takes place, be punishable with fine which may extend to five hundred rupees.

(3) Whoever, in purporting to comply with his obligations under this section, knowingly or recklessly makes a statement

false in a material particular, shall be punishable with fine which may extend to one thousand rupees.

11. (1) Where goods of any description have been insured by a seller of goods for any period, and before that period has elapsed goods of that description have ceased, by virtue of a notification under sub-section (4) of section 3, to be goods insurable under this Ordinance, the person who has insured such goods shall be entitled to a proportionate refund of premium.

(2) In any other case the Central Government may, at its discretion, order a refund to be made of any sum paid or purporting to have been paid as premium in respect of any policy issued or purporting to have been issued under this Ordinance.

(3) On and after the 1st day of October, 1940, no suit shall be maintainable in any civil court against the Central Government or a person acting as agent of the Central Government under section 6 for the refund of money paid or purporting to have been paid as premium in respect of any policy issued or purporting to have been issued under this Ordinance."

12. No prosecution for any offence punishable under this Ordinance shall be instituted against any person except by or with the consent of the Central Government or an authority authorised in this behalf by the Central Government.

12A. Any offence punishable under sub-section (2) of section 7 may, either before or after the institution of the prosecution, be compounded by the Central Government or by any authority authorised in this behalf by the Central Government, on payment for credit to the War Risks (Goods) Insurance Fund of such sum as the Central Government or such authority, as the case may be, thinks fit.

13. No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Ordinance.

14. (1) The Central Government may, by notification in the official Gazette, make rules to carry into effect the provisions of this Ordinance.

(2) Without prejudice to the generality of the foregoing power, such rules may prescribe—

(*a*) the risks which shall be deemed to be war risks for the purposes of clause (*c*) of section 2 ;

(*b*) the forms of the policies of insurance referred to in sub-section (2) of section 5, the maximum period in respect of which such policies shall be issued, the rates at which premiums on such policies shall be payable, and the minimum amount which shall be payable as any one premium on such policies ;

(*c*) the associations to be prescribed for the purposes of clause (*a*) of the proviso to section 6 ;

(*d*) the maximum amount to be prescribed for the purposes of the proviso to sub-section (1) of section 7 ;

(*dd*) the procedure in making determinations and in presenting appeals from determinations made under section 7A ;

(*e*) the form of and the manner of preparing the account referred to in sub-section (4) of section 9 and the intervals at which such account shall be published.

15. (1) If the Central Government is satisfied that by the law of an Indian State or of the French Establishments in India or of the Administered Areas provision has been made substantially corresponding to the provision made by this Ordinance requiring persons carrying on business as sellers of goods in such State, Establishments or Areas, as the case may be, to take out policies of insurance against war risks, the Central Government may, by notification in the official Gazette, declare that this section shall apply to the territory of that State, or of those Establishments or comprising the Administered Areas.

(2) On the application of this section to any such territory—

(*a*) this Ordinance shall have effect as if in section 3 and in sub-sections (1) and (1A) of section 5 the references to British India included a reference to all territories to which this section is applied, and as if sub-section (1) of section 8 prohibited any person, except as a person authorised by the Central Government as their agent to issue policies in pursuance of the War Risks (Goods) Insurance Scheme, from carrying on after the date of the notification by which this section is applied to any such territory the business of insuring persons in such territory against war risks for which insurance cover is provided under the War Risks (Goods) Insurance Scheme ; and

(*b*) in any policy of insurance issued under the War Risks (Goods) Insurance Scheme references, whether express or implied, to British India shall be deemed to include a reference to all territories to which this section is applied.

## THE SCHEDULE.

[*See* section 9 (1).]

1. The Cantonment of Baroda.

2. The Administered Areas in the Western India State Agency specified in the Western India States Administered Areas (Application of Laws) Order, 1937.

3. The Administered Areas in the Central India Agency specified in the Central India Administered Areas (Application of Laws) Order, 1937.

4. The Gwalior Residency Area.

5. The District of Abu.

6. The Administered Areas in the Hyderabad State specified in the Hyderabad Administered Areas (Application of Laws) Order, 1937.

7. The Civil and Military Station of Bangalore.

8. The Kolhapur Residency Area and the Wadi Jaghir.

9. The railway lands in the Western India States Agency specified in the notifications of the Political Department Nos. 189-I. B. and 190-I. B., dated the 8th September 1937.

10. The Rajputana and Central India railway lands specified in the Rajputana and Central India Railway Lands (Application of Laws) Order, 1937.

11. The Punjab States railway lands specified in the Punjab States Railway Lands (Application of Laws) Order, 1939.

12. The Thana Circles in the Rewa Kantha Agency in the Gujarat States Agency and the Dangs.

13. The British Reserve in Manipur."

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## WAR RISKS (GOODS) INSURANCE RULES.

### AS AMENDED UP TO JANUARY 1943.

*No.* 14-*W.R.I.*/41, *dated the* 26*th April* 1941.—In exercise of the powers conferred by section 14 of the War Risks (Goods) Insurance Ordinance, 1940 (No. IX of 1940), and in supersession of the rules published with the notification of the Government of India in the Department of Commerce, No. 9-W. R. I./40, dated the 14th September 1940, the Central Government is pleased to make the following rules, namely :—

1. (1) These rules may be called the War Risks (Goods) Insurance Rules.

(2) These rules shall extend to the whole of British India including British Baluchistan and those excluded and partially excluded areas in which the Ordinance is for the time being in force.

2. In these rules.—

(*i*) " Government Agent " means any person or firm employed under section 6 to act as agent of the Central Government for any of the purposes of the Ordinance ;

(*ii*) " Ordinance " means the War Risks (Goods) Insurance Ordinance, 1940 ;

(*iii*) " Scheme " means the scheme referred to in sub-section (1) of section 5 as the War Risks (Goods) Insurance Scheme ;

(*iv*) " Section " means a section of the Ordinance ;

(*v*) " Fund " means the fund referred to in sub-section (1) of section 9 as the War Risks (Goods) Insurance Fund.

3. For the purposes of the Ordinance and these Rules,

(1) The following risks shall be war risks, namely the risks of—

(*a*) damage occurring (whether accidentally or not) as the direct result of action taken by the enemy, or action taken in combating the enemy or in repelling an imagined attack by the enemy ;

(*b*) damage occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to mitigate, the consequences of such damage as aforesaid ;

(*c*) accidental damage occurring as the direct result—

(*i*) of any precautionary or preparatory measures taken under proper authority with a view to preventing or hindering the carrying out of any attack by the enemy ; or

(*ii*) of precautionary or preparatory measures involving the doing of work on land and taken under proper authority in any way in anticipation of enemy action.

being, in either case, measures involving a substantial degree of risk to property :

Provided that the measures mentioned in sub-clause (*c*) do not include the imposing of restrictions on the display of lights or measures taken for training purposes :

(*d*) damage occurring (whether accidentally or not) as the direct result of precautionary or preparatory measures taken under proper authority with a view to denying facilities to the enemy, being measures involving a substantial degree of damage to or diminution of the value of property.

(2) such action against the enemy as is referred to in sub-clause (*a*) of clause (1)—

(*a*) shall, in relation to any ship or aircraft taking part in such action, be deemed to continue until the ship or aircraft has returned to its base :

(*b*) includes naval, military or air reconnaissances and patrols.

4. Every policy of insurance issued under the Scheme shall be in the Form given in the First Schedule to these Rules, and shall be in respect of the period ending on the last day of the quarter for which the policy is issued.

5. Every person insuring goods against war risks under the Scheme shall apply for the insurance under a single policy of all goods insurable under the Ordinance which are at the time of such application owned by him within one and the same Presidency town or district in the course of his business as a seller of goods and which are not at the time of such application covered by a policy insuring them against war risks under the Scheme.

Provided that nothing in this rule shall be deemed to prohibit any person from applying for the insurance under a single policy of goods owned by him in more places than one whether situate in British India or in any of the territories to which the Ordinance has been applied.

Provided further that no person shall apply for the insurance under a single policy of goods subject to different rates of premium.

6. (1) The premium payable under any policy of insurance issued under the Scheme during the quarter ending on the 31st December 1940, or the quarter ending on the 31st March 1941, shall be payable at the rate of one thirty-second per cent. per month or part of a month and during the quarter ending on the 30th June 1941 or the quarter ending on the 30th September 1941, at the rate of one anna per month or part of a month for each complete sum of one hundred rupees.

(2) The premium payable under any policy of insurance issued under the Scheme in respect of any quarter subsequent to that ending on 30th September 1941 shall be payable at the rate fixed by the Central Government by notification in that behalf.

(3) No refund of premium shall be allowed otherwise than in accordance with section 11.

7. The amount of premium payable under the first policy of insurance issued under the Scheme to any person in respect of any quarter, or part of a quarter, shall not be less than five rupees in the case of a policy issued for a period not exceeding one month, or less than ten rupees in the case of a policy issued for a period exceeding one month :

Provided that the amount of premium payable under any subsequent policy issued under the Scheme to the same person in respect of the same quarter, or part of the same quarter, shall not be less than two rupees and eight annas.

8. The following associations are prescribed for the purposes of clause (*a*) of the proviso to section 6 :—

1. The Indian Insurance Companies Association, Industrial Assurance Building, Churchgate, Bombay.
2. The Indian Insurance Companies Association, 102-A, Clive Street, Calcutta.
3. The Calcutta Insurance Association, Royal Exchange Place, Calcutta.
4. The Madras Fire Insurance Association, 2-6, Second Line Beach, Madras.
5. The Bombay Fire Insurance Association, Rampart Row, Fort, Bombay.
6. The Fire Salvage Association of Bombay, Limited, Bombay.
7. The Bombay Accident Insurance Association, Bombay.
8. The Bombay Underwriters' Association, Bombay.

9. For the purposes of the proviso to sub-section (1) of section 7 the maximum amount shall be Rs. 20,000.

10. (1) Every application for insurance under the Scheme shall be in accordance with the Form given in the Third Schedule to these Rules, and shall be made to a Government Agent or to such officer as may be authorised by a Government Agent in this behalf.

(2) Every such application shall be accompanied by the requisite premium which may be remitted by bank draft, cheque, money order or postal order, or delivered in cash.

*Note.*—Where the remittance is by cheque, the amount, if any, charged by the Government Agent's bank as collection charges shall be deducted from the amount of the cheque, and the applicant given credit only for the balance.

11. Every policy of insurance issued on an application made in accordance with the provisions of rule 10 shall take effect from the date of the receipt of the application by the Government Agent or, as the case may be, the officer authorised by the Government Agent, or on and from the date given in the application as the date on which the insurance is to commence, whichever is later.

12. (1) If the amount accompanying the application falls short of the premium due on the sum for which the goods are proposed for insurance, a policy for such proportion of the sum proposed as the amount paid bears to the premium due shall be issued, and the applicant shall make a further application for insurance of the balance.

(2) If no amount accompanies the application, the application if otherwise in order may be kept in suspense pending the receipt of the requisite premium ; and on receipt of the requisite premium, a policy of insurance shall be issued on such application, and shall take effect from the date of receipt of the premium or on and from the date given in the application as the date on which the insurance is to commence, whichever is later.

(3) If the application for insurance is not received in accordance with the Form as given in the Third Schedule to these Rules, the premium may be retained by the Government Agent and the application returned to the applicant for resubmission. A policy of insurance shall be issued on receipt of such application correctly made out in accordance with the Form and that policy shall take effect from the date of receipt of the application so made out, or on and from the date given in the application as the date on which the insurance is to commence whichever is later.

13. The Government Agent shall issue a policy of insurance as soon as possible after the receipt of an application in accordance with the provisions of rule 10 :—

Provided that—

(*a*) if the application shows that the applicant has taken out an insurance in respect of the same goods or any part thereof against fire, marine, or accident risks with any other insurance company, the Government Agent may, in his discretion, postpone the issue of the policy until enquiries have been made from that company; and

(*b*) if the premium is remitted by cheque, the Government Agent may, in his discretion postpone the issue of the policy until the cheque has been cashed.

14. In the event of the loss of a policy a duplicate policy will not be issued, but if it is satisfactorily proved that a policy has been issued, the absence of that policy will not be a bar to a claim under it.

15. (1) All claims shall be submitted in writing in the Form set forth in the Fifth Schedule to these Rules to the Government Agent concerned within the time specified in condition 4 of the Conditions set forth in the Second Schedule to these Rules.

(2) On receipt of a claim, the Government Agent shall send notice to the Claims Committee and shall, in consultation with the Committee, have the claim verified and the loss or damage, if any, assessed by a person who is for the time being included in the list of recognised Loss Assessors issued and maintained by the Central Government in this behalf, or if the Central Government so directs, by such person as may be specially deputed by them for the purpose.

Provided that in case of loss or damage in a district where none of the loss assessors, included in the list of recognised Loss Assessors is available, such verification and assessment shall be made by a person who may be deputed for the purpose either by any of the prescribed associations or by any of the Special Officers, War Risks (Goods) Insurance.

Provided further that any person generally authorised in this behalf by the Central Government may also assess the loss or damage independently and report thereon to the Secretary to the Government of India in the Department of Commerce. Government Agents should keep such a person informed of all claims received by them.

(3) As soon as the Loss Assessor has verified the claim and assessed the loss or damage, if any, he shall report thereon to the Government Agent who shall after such further verification as he thinks fit to make, forward the report, with his remarks and recommendation to the Claim's Committee which will examine and submit it with such recommendations as it considers it necessary to make to the Secretary to the Government of India in the Department of Commerce through the Accounts Officer to whom the counterfoil of the policy was sent.

(4) If the claim is proved to the satisfaction of the Central Government, a payment order will be issued in favour of the claimant, who, on receipt of payment, which will be made through the Government Agent, shall give a receipt in the Form set forth in the Sixth Schedule to these Rules.

16. An account of all sums received into and paid out of the Fund shall be prepared in the Form set forth in the Fourth Schedule to these Rules and shall be published annually.

## FIRST SCHEDULE.

[*See* rule 4.]

Policy No.....

GOVERNMENT OF INDIA.

WAR RISKS (GOODS) INSURANCE ORDINANCE, 1940.

*Policy of Insurance in respect of goods insurable thereunder.*

This Policy and the Specification hereto (which forms an integral part of this Policy) shall be read together as one contract, and the words and expressions to which specific meanings have been attached in the Specification shall bear those meanings wherever they may appear.

*The Specification.*

The Governor General.

The Governor General of India in Council.

The Government Agent

The Insured

Address

The Insured's Business

The Property Insured

Sum for which Insured : Rs.

Period of Insurance : From the
day of 194 .
to the day of 194 .

The Premium : Rs.
received on the
day of 194 .

Whereas the insured has made and forwarded to the Government Agent a signed application for insurance and has paid the amount of premium named above :

Now this Policy witnesseth that in consideration of the insured paying to the Governor General the said premium, the Governor General agrees (subject to the conditions contained in the Second Schedule to the War Risks (Goods) Insurance Rules 1940, which conditions shall, so far as the nature of them respectively will permit, be deemed to be conditions precedent to the right of the insured to recover hereunder) that if during the period of insurance stated above the property insured or any part of such property shall suffer any loss or damage, being loss or damage caused by any act comprised in the expression " war risks " as defined for the time being by the said Rules, the Governor General will, where the loss or damage is suffered whilst the property affected is situated in British India or in their part of the territory of the State of Cochin which lies within the Port limits of the Port of Cochin and the Municipal limits of the Municipal Committee of Ernakulam and Muttancheri, indemnify the Insured against diminution caused by that loss or damage of the value at the time of the loss or damage of his interest in the property affected, or, at the option of the Governor General, reinstate or replace such property or any part thereof :

Provided that the liability of the Governor General shall in no case exceed the sum insured hereby.

In witness whereof I, being duly authorised in that behalf, have hereto set my hand on behalf of the Governor General.

Dated.

The 194 .

It is hereby agreed and declared that
shall to the extent of their interest in the property insured be entitled jointly with the insured to the rights hereby granted

to the insured, but not so as to grant to them any further or greater rights than those of the Insured under this policy.

Signed on behalf of the Governor General this
day of 194 .

*Note.*—This policy cannot be assigned or transferred and no premium is returnable except as provided under Section 11 of the Ordinance.

## SECOND SCHEDULE.

[*See* rule 15 (1) and the First Schedule.]

### CONDITIONS.

The Governor General shall be under no liability under any policy of insurance to which these conditions apply (hereinafter referred to as " the policy ") if and in so far as the Insured is not entitled to be insured for the sum thereby insured in respect of the property insured under the Ordinance.

2. If at the time of the happening of any loss or damage the total value of the property insured shall exceed the sum insured under the policy, the Insured shall be considered as being his own insurer for the excess and shall bear a rateable share of the loss accordingly.

3. If at the time of the happening of any loss or damage there be any other insurance effected by or on behalf of the Insured covering any of the property suffering that loss or damage, the liability of the Governor General under the policy shall be limited to its rateable proportion of such loss or damage.

3-A. The insured shall at the request and expense of the Governor General do and concur in doing and permit to be done all such acts and things as may be reasonably required by the Governor General for the purpose of enforcing any rights and remedies to which the Governor General is or would become entitled or subrogated upon paying for or making good any damage, whether such act and things shall be required before or after that indemnification by the Governor General.

4. On the happening of any loss or damage the Insured shall forthwith give notice thereof in writing to the Agent, and shall within ten days after such loss or damage, or such further time as the Agent may in writing allow, at his own expense deliver to the Agent a claim in writing containing as particular an account as may be reasonably practicable of the several articles or portions of property suffering that loss or damage and of the amount of such loss or damage, having regard to their value at the time of the loss or damage together with details of the interest of any person other than the Insured in the property insured and details of any other insurances on that property. The Insured shall also give to the Agent all such proofs and information with

respect to the claim as may reasonably be required, together with (if demanded) a declaration, verified by an affidavit, of the truth of the claim and of any matters connected therewith. No claim under the policy shall be payable unless the terms of this condition have been complied with.

5. If the claim be in any respect fraudulent, or if any fraudulent means or devices be used by the Insured or anyone acting on his behalf to obtain any benefit under this policy, or if any loss or damage be occasioned by the wilful act or with the connivance of the Insured, all benefits under the policy shall be forfeited.

Provided that the benefits under the policy shall not be forfeited even though the loss or damage is occasioned by the wilful act and with the connivance of the Insured, where the wilful act is done under orders of proper authority or where the Insured permits certain measures to be taken under orders of proper authority.

6. If in his application for the insurance effected by the policy, the Insured shall have intentionally made a material under-statement of the value of the property insured all benefits under the policy shall be forfeited.

7. If the Governor General elects to reinstate or replace any property Insured, the Insured shall at his own expense produce and give to the Governor General all such plans, documents, books and information as the Governor General may reasonably require. The Governor General shall not be bound to reinstate exactly or completely but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend in respect of the property insured more than the sum insured thereon.

8. On the happening of any loss or damage in respect of which a claim is or may be made under the policy, the Agent and every person authorised by the Agent may, without thereby incurring any liability, and without diminishing the right of the Governor General to rely upon any conditions of the policy, enter, take or keep possession of the building or premises where the loss or damage has happened, and may take possession of or require to be delivered to them any of the property insured, and may keep possession of and deal with such property for all reasonable purposes and in any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Governor General so to do. If the Insured or any one acting on his behalf shall not comply with the requirements of the Governor General, or shall hinder or obstruct the Governor General or any person acting on his behalf in doing any of the above mentioned acts, then all benefit under this policy shall be forfeited. The

Insured shall not in any case be entitled to abandon any property to the Governor General whether taken possession of by the Governor General or not.

9. The premium paid in respect of the policy or any part of such premium shall not in any event be returnable, except as provided in Section 11 of the Ordinance.

10. The policy shall not be assignable.

11. The following condition may be included in the policy at the request of the Insured :—

"It is hereby agreed and declared that..... shall, to the extent of their interest in the property insured, be entitled jointly with the Insured to the rights hereby granted to the Insured, but not so as to grant to them any further or greater rights than those of the Insured under this policy."

12. The liability of the Governor General under the policy shall not exceed in the aggregate the sum thereby insured, and accordingly after the happening of any loss or damage the said sum shall be deemed to be reduced by the amount of that loss or damage.

13. The following condition shall apply to every policy of insurance in respect of property situate in the Indian States, the Administered Areas or the French Establishments in India :—

"It is hereby agreed and declared that this policy shall be deemed to be made in British India, that the claims under this policy shall be settled in British India and that the insured will submit to the jurisdiction of courts in British India for all matters arising out of or in connection with this policy."

## THIRD SCHEDULE.

[*See* rule 10.]

*Important.*—Before completing this application form read the instructions overleaf.

GOVERNMENT OF INDIA.

WAR RISKS (GOODS) INSURANCE ORDINANCE, 1940.

*Application for insurance of Goods insurable thereunder.*

Applicant's Name

Address

Business

Goods to be Insured

Situation of Goods.

Estimated Full Value (which is the sum for which insurance must be effected) Rs.

Date of Insurance is to commence

*Note.*—No policy will be issued and the Government of India will be under no liability until the premium has been *received by* the Insurance Company.

Are the goods insured against Fire, Marine, or Accident Risks ?

If so, state (*a*) Name of Insurance Company.

(*b*) Policy No.

(*c*) Sum Insured Rs.

Has any other person any insurable interest in the goods to be insured ?

If so, give particulars.

*Note.*—A policy once issued cannot be assigned or transferred nor is any part of the premium returnable. If you do not own the property within the meaning of section 4 of the Ordinance, the following should be answered :—

(*i*) Name and address of owner.

(*ii*) What is the nature of your interest in the property to be insured ?

(*iii*) Are you aware whether the owner has also effected or applied for insurance on the property to be insured,

To (Here insert name of Insurance Company through whom insurance is to be effected.)

I/We warrant that the above statements and particulars are true and I/we request you to effect War Risks (Goods) Insurance on my/our behalf with the Government of India in terms of the prescribed standard policy which I/we agree to accept.

I/We enclose bank draft/cheque/money order/postal order/ cash value Rs.

I/We hereby agree that this application shall be the basis of the contract between the Governor General and myself/ ourselves.

Signature of Applicant.

Date

*Note.*—Cheques on out-station banks should include bank exchange. If the amount received by the Insurance Company is insufficient to pay the premium on the full sum proposed for insurance a policy for such proportion of the sum proposed as

the premium received bears to the correct premium will be issued and the Applicant must make a further application for insurance of the uninsured amount.

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GOVERNMENT OF INDIA.

WAR RISKS (GOODS) INSURANCE ORDINANCE, 1940.

*Instructions.*

1. The Government of India have put to operation as from the 1st October, 1940, the War Risks (Goods) Insurance Scheme whereby the Government undertake to insure certain goods on land or on inland waters in British India against War Risks.

(1) The Scheme has recently been extended to make insurable certain seaborne goods in British Indian territorial waters.

(2) The Scheme has also been extended to cover under certain circumstances goods situate in certain Indian States Administered areas and French Establishments in India.

2. *Goods Insurable.*—The Ordinance defines the goods to which the scheme applies; these include goods (with certain exceptions) which are held for sale by persons carrying on business as sellers of goods, such as manufacturers, wholesale distributors, and retailers, including the raw materials from which goods are manufactured and goods in process of manufacture.

3. *Goods not Insurable.*—A list of goods which cannot be insured under the scheme has been published in the *Gazette*. For precise details of the goods concerned reference should be made to that list, but, an idea of the kind of goods exempted may be obtained from the following :—

Growing crops; plants and trees; live-stock; coal and coke; gold, silver and other precious metals and manufactures and alloys thereof in specified forms; postage stamps; objects of art and craftsmanship not less than 100 years old; natural pearls; jewellery and precious and semi-precious stones; and goods not for sale.

A list of goods which whilst not subject to compulsory insurance are voluntarily insurable has also been published in the *Gazette* (16-1-43, Page 85).

4. *Property to which Scheme does not apply.*—The Scheme does not apply to buildings, factory machinery and plant, and other forms of immovable property.

5. *Compulsory Insurance.*—As from the 1st November 1940, any person carrying on business as a seller of goods must insure the whole of his goods which are insurable under this scheme for their full value if the value of such goods within one and the same Presidency Town or District exceeds Rs. 20,000. The Ordinance prescribes heavy fines for contravention.

6. *How to Insure.*—The Application form overleaf should be completed and forwarded with a remittance for the premium to a Government Agent.

A separate application should be made in respect of goods of those descriptions which are voluntarily insurable under the Ordinance and it should be stated therein that goods are of the description specified in the Schedule annexed to the Government of India, Department of Commerce Notification No. 71-W.R.I./42 of 14th November 1942.

7. *Government Agents.*—The Government of India have appointed certain Insurance Companies transacting Fire, Marine or Accident Insurance to act as Government Agents and issue policies under the scheme. If the goods are insured against Fire with an Insurance Company it is strongly recommended that the War Risks (Goods) Insurance should be arranged through that Company. If this is not done there may be considerable delay in obtaining cover.

8. *Period of Insurance.*—The maximum period for which a policy will be issued is three months. Policies issued on or after the 1st October will expire on the 31st December ; those issued on or after the 1st January, will expire on the 31st March ; those issued on or after the 1st April, will expire on the 30th June ; and those issued on or after the 1st July will expire on the 30th September. No policy will be issued to expire on any intermediate date.

9. *Rate of Premium.*—The rate of premium is fixed quarterly and the current rate may be ascertained from any Government Agent.

10. *Calculation of Premium.*—On insurances effected during the months of April, July, October and January three months' premium will be payable. On insurances effected during the months of May, August, November and February two months' premium will be payable. On insurances effected during the months of June, September, December and March one month's premium will be payable.

11. *Minimum Premium.*—The minimum premium for the first policy issued to any person in any quarter for a period of one month or less will be Rs. 5. Similarly for the first policy issued for a period exceeding one month the minimum premium will be Rs. 10. For any subsequent policy issued to the same person in the same quarter, the minimum premium will be Rs. 2-8-0.

12. *Voluntary Insurance.*—Any person carrying on business as a seller of goods whose stocks of goods insurable under this

scheme within one and the same Presidency Town or District do not exceed Rs. 20,000 in value may insure under the scheme.

Goods of the description mentioned in the Schedule annexed to the Government of India, Department of Commerce Notification No. 71-W.R.I./42 dated 14th November 1942, are also voluntarily insurable under the Scheme.

13. *Floating Policies.*—In certain cases floating policies may be issued. Full details can be obtained on application to any Insurance Company appointed as Government Agent.

14. Full conditions to which the policy will be subject have been published in the *Gazette*.

## FOURTH SCHEDULE.

(*See* rule 16.)

*Account of sums received into and paid out of the War Risks (Goods) Insurance Fund during the year ending* 194 .

| Receipts. | | | Expenditure. | | |
|---|---|---|---|---|---|
| —— | Amount<br>Rs. a. p. | Progress of receipts upto the end of<br>Rs. a. p. | —— | Amount.<br>Rs. a. p. | Progress of expenditure upto the end of<br>Rs. a. p. |
| 1. Insurance premia .. | | | 1. Remuneration and expenses of Government Agents, Insurance Associations and Advisers; and also of Loss Assessors appointed under rule 15 (2) and cost of forms. | | |
| 2. Advances from General Revenues under section 9 (2). | | | 2. Expenses of the Government Inspecting staff appointed under section 10 (1) and of the additional staff employed to cope with the work at the headquarters of the Central Government. | | |
| | | | 3. Expenses of the additional staff employed to cope with the audit and accounting arrangements. | | |
| | | | 4. Miscellaneous. | | |
| | | | 5. Payments of liabilities under the War Risks (Goods) Insurance Scheme. | | |
| | | | 6. Refund of premium under section 11. | | |
| | | | 7. Repayments of advances made under section 9 (2). | | |
| 3. Miscellaneous .. | | | 8. Excess sums paid into general revenues under section 9 (3). | | |
| Total .. | | | | | |

FIFTH SCHEDULE.

(*See* rule 15.)

GOVERNMENT OF INDIA.

WAR RISKS (GOODS) INSURANCE ORDINANCE, 1940.

*Statement of claims thereunder.*

Through..... Insurance Company.

Government Agents,

at .....

and the Accountant General.....

I/We..... of (address)..... do hereby solemnly declare that on or about..... .....O'clock A.M./P.M. Indian Standard Time on the .....day of.....19 , goods owned by me/us, which were insured under the policy or policies detailed in Schedule " A " annexed hereto, were destroyed or damaged by an act comprised in the expression " war risks " as defined, by the War Risks (Goods) Insurance Rules and as shown in Schedule " B " attached hereto. The actual details of the act (manner in which the damage occurred) are given below :—

.....

.....

I/We further solemnly declare that at the time of the said loss or damage the actual value of all goods owned by me/us as described in the said policy or policies amounted to Rs..... .....as more particularly set forth in the annexed Schedule " C " and that apart from myself/ourselves no person other than..... has any interest in the said goods.

I/We therefore claim from the Government of India the sum of Rupees.....as detailed in Schedule " D " annexed hereto and I/we solemnly declare that this Statement of Claims is a true and accurate statement of the loss sustained by me/us, without inclusion of profit of any kind.

Declared before me Signed.....

this.....day of.....19 . .....

Court Seal .....

*Magistrate.*

SCHEDULE "A."

*Statement of Policies in force on the date of loss or damage.*

| (1) Policy No. | (2) Issued through (Government Agent). | (3) Date of Issue. | (4) Sum Insured. | (5) The property insured as described in Policy. |
|---|---|---|---|---|
| | | | | |

SCHEDULE "B."

*Definition of the expression "War Risks."*

"For the purposes of the Ordinance and these Rules, (1) the following risks shall be war risks, namely the risks of—

(*a*) damage occurring (whether accidentally or not) as the direct result of action taken by the enemy, or action taken in combating the enemy or in repelling an imagined attack by the enemy;

(*b*) damage occurring (whether accidentally or not), as the direct result of measures taken under proper authority to avoid the spreading of or otherwise to mitigate, the consequences of such damage as aforesaid;

(*c*) accidental damage occurring as the direct result:—

(*i*) of any precautionary or preparatory measures taken under proper authority with a view to preventing or hindering the carrying out of any attack by the enemy; or

(*ii*) of precautionary or preparatory measures involving the doing of work on land and taken under proper authority in any way in anticipation of enemy action

being, in either case, measures involving a substantial degree of risk to property:

Provided that the measures mentioned in sub-clause (*c*) do not include the imposing of restrictions on the display of lights or measures taken for training purposes.

(*d*) damage occurring (whether accidentally or not) as the direct result of precautionary or preparatory measures taken under proper authority with a view to denying facilities to the

enemy, being measures involving a substantial degree of damage to or diminution of the value of property.

(2) Such action against the enemy as is referred to in sub-clause (*a*) of clause (1)—

(*a*) shall, in relation to any ship or aircraft taking part in such action, be deemed to continue until the ship or aircraft has returned to its base;

(*b*) includes naval, military, or air reconnaissances and patrols."

SCHEDULE "C."

*Statement of all goods insurable under the Ordinance.*

| 1<br>Description of goods. | 2<br>Sound value of goods. | 3<br>Location of goods. |
|---|---|---|
| | | |

SCHEDULE "D."

*Statement of loss or damage.*

| (1)<br>Description of goods damaged or destroyed. | (2)<br>Quantity. | (3)<br>Sound value. | (4)<br>Value of Salvage. | (5)<br>Actual loss. |
|---|---|---|---|---|
| | | | | |

ASSESSOR'S CERTIFICATE

I/We .....

being Assessor/s duly appointed under Rule 15(2) of the War Risks (Goods) Insurance Rules certify that from a careful examination carried out by me/us of the scene of the loss or damage and from the production of books, documents, invoices and other evidence have satisfied myself/ourselves that the goods claimed were fully insured at the time of the loss or damage, that the claimant/s was/were the sole owner/s of the goods lost or damaged

with the exception of the interests noted in the Statement of Claims and that the statement of claims as detailed herein, (*and in our report attached) is a true and proper statement of the actual loss sustained by the Insured as the direct result of War Risks only.

Time taken on assessment.....

Fee Rs.....

Signature of Loss Assessor.....

Address .....

Date.....

RECOMMENDATION OF GOVERNMENT AGENT.

We certify that the claim detailed in this Statement of Claims was received by us in accordance with Condition 4 of the Insurance Policy, that the Statement of insurances in force contained in Schedule " A " is a correct statement and (*except as stated in the attached report), we recommend that the sum of Rupees.....be paid in full and final settlement of the loss and that the sum of Rupees..... be paid to the Assessor in respect of his fee and expenses.

Signature of Government Agent.....

Date.....

*Note.*—Where Policies have been issued by more than one Government Agent, this recommendation must be signed by all Government Agents concerned.

ACCOUNTANT GENERAL'S CERTIFICATE.

I certify that the details in Schedule A have been verified and that the policy in question was issued on payment of the proper premium which was duly credited to the Government.

Signature of Accountant General.....

Date.....

GOVERNMENT ORDERS FOR DISPOSAL.

SIXTH SCHEDULE.

(*See* rule 15.)

GOVERNMENT OF INDIA.

WAR RISKS (GOODS) INSURANCE ORDINANCE, 1940.

*Receipt of Claims.*

Loss No.....

Received this.....day of..... 194 . from the Government of India the sum of Rupees .....in full discharge of all

* Delete and initial deletion if no separate report.

claims upon them under the Policy No....., issued under the War Risks (Goods) Insurance Ordinance, 1940, for loss or damage, arising from War Risks as defined in the said Ordinance, which occurred on the.....day of..... 194...., in consequence of which the amount insured by this Policy is reduced to the extent of the said sum.

Rs.....

*Signature of Recipient.*

Stamp

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## EXCESS PROFITS TAX.

### POST-WAR REFUNDS.

### FINANCE DEPARTMENT (CENTRAL REVENUES)

### NOTIFICATION

### EXCESS PROFITS TAX

*Simla, the 18th April* 1942.

No. 3.—In exercise of the powers conferred by section 10 of the Indian Finance Act, 1942 (XII of 1942), the Central Government is pleased to make the following rules, namely :—

1. These Rules may be called the Excess Profits Tax (Post-war-refunds) Rules, 1942.

2. In these rules—

(*i*) " Excess Profits Tax Officer " means the Excess Profits Tax Officer having for the time being jurisdiction in regard to the person charged to excess profits tax ;

(*ii*) " the Finance Act " means the Indian Finance Act, 1942 (XII of 1942) ;

(*iii*) " the Act " means the Excess Profits Tax Act, 1940 (XV of 1940) ;

(*iv*) " excess profits tax " means any excess profits tax charged under the Act at the rate of 66⅔ per cent.

3. The Excess Profits Tax Officer shall give notice, in Form E. P. 4-1 or E. P. 4-2, to each person on whom a notice of demand in respect of excess profits tax may hereafter be, or has already been, served under section 14 of the Act, of the provisions of section 10 of the Finance Act in relation thereto.

4. On the issue, after the commencement of the Finance Act, of any notice of demand in respect of excess profits tax under section 14 of the Act, the Excess Profits Tax Officer shall also give notice in Form E. P. 4-1 of the provisions of section 10 of the Finance Act in relation thereto.

When any excess profits tax charged is reduced, whether by appellate order of the Appellate Assistant Commissioner of Excess Profits Tax, the Appellate Tribunal, the High Court or His Majesty in Council, or by a rectification order of the Commissioner of Excess Profits Tax under section 20 of the Act, or by relief granted under section 7 or 11 of the Act, and whether by refund or otherwise, and the deposit made under section 10 of the Finance Act in relation thereto exceeds the maximum sum permitted thereby, the amount of the excess shall be refunded.

5. The Excess Profits Tax Officer shall record for each person who has been assessed to excess profits tax particulars of the amount charged for each chargeable accounting period, of any reduction thereof, of any deposits made under section 10 of the Finance Act and of any refunds thereof.

6. In calculating the maximum amount that may be deposited under section 10 of the Finance Act, fractions of a rupee are to be ignored.

7. So much of any excess profits tax as may be repayable under the provisions of sub-section (1) of section 10 of the Finance Act shall be repaid within three years of the date of termination of the present hostilities :

Provided that, if the Central Government is satisfied that the whole or any part of the amount so repayable is required for an approved purpose, the Central Government shall, after taking such guarantee as it thinks fit for the proper utilisation thereof, repay the whole, or, as the case may be, part, of the amount within twelve months of the date of termination of the present hostilities.

*Explanation.*—In this rule, "approved purpose" means any purpose which the Central Government may by general or special order declare to be an approved purpose.

FORM E. P. 4-1.

EXCESS PROFITS TAX

NOTICE UNDER SECTION 10 OF THE FINANCE ACT, 1942

To

_____

_____

_____

The amount of Excess Profits Tax payable by you at the rate of 66⅔ per cent. in respect of the chargeable accounting period commencing 194 and ending 194 having been determined

to be the sum of Rs. as specified in the accompanying Notice of Demand given under Rule 5 of the Excess Profits Tax Rules and the date upon which such amount of Excess Profits Tax is made payable being the day of 194 ;

Take notice that if you desire to avail yourself of the provisions of section 10 of the Finance Act, 1942, it is necessary that you deposit with the *Treasury Officer / Sub-Treasury Officer / Agent, Imperial Bank of India / Governor, Reserve Bank of India at on or before the day of 194 , a sum not exceeding Rs. , when you will be granted a receipt. A Chalan is enclosed for the purpose.

*Excess Profits Tax Officer.*

} Address.

Dated 194 .

*Note.*—A copy of section 10 of the Finance Act, 1942, is printed at the back hereof.

FORM E. P. 4-2.

EXCESS PROFITS TAX.

NOTICE UNDER SECTION 10 OF THE FINANCE ACT, 1942.

To

Take notice that if you desire to avail yourself of the provisions of section 10 of the Finance Act, 1942, in relation to the sum of Rs. Excess Profits Tax charged at the rate of 66⅔ per cent. in respect of the chargeable accounting period commencing 194 and ending 194 , which as stated in the notice given under Rule 5 of the xcess Profits Tax Rules issued to you on the day of 19 , you were required to pay to the †Treasury Officer / Sub-Treasury Officer / Branch of Imperial Bank of India / Reserve Bank at on

*Delete words that are inappropriate.

†The superfluous words should be deleted.

or before 194 , you must deposit with the said *Treasury Officer / Sub-Treasury Officer / Branch of Imperial Bank of India / Reserve Bank not later than 1942 a further sum not exceeding Rs.

*Excess Profits Tax Officer.*

} Address.

Dated 194 .

*Note.*—A copy of the relevant section of the Finance Act, 1942, is printed at the back hereof.

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PRESS NOTE.

EXCESS PROFITS TAX,

*Scheme of Post-War Repayments.*

*Central Board of Revenue, New Delhi, May* 27, 1942.

In consultation with the Post-War Reconstruction Committee it has been decided that the repayment of E.P.T., under Section 10 of the Finance Act of 1942, will be made without the imposition of any conditions, not later than three years after the date of termination of the present hostilities. But when it is shown to the satisfaction of the Central Government that the money is required by the assessee for a purpose approved by that Government repayment will be made within a year of that date.

The Finance Act provided, that if an assessee deposited with the Government before July 1, 1942, or within 30 days of the date given in the Notice of Demand, a sum not exceeding one-fifth of any E.P.T. payable by him charged at the rate of 66⅔ per cent., a refund of tax equal to one-half of the sum deposited should be made at a date and on conditions to be determined thereafter.

The purposes approved by the Central Government, for the earlier refund of tax, will be determined later, after consulting the Post-War Reconstruction Committee again. The date of cessation of the present hostilities will be notified in due course; but the intention is that, for the present purpose, this date shall coincide with the date on which warlike operations finally cease.

The question has been raised as to whether the sums repayable under the scheme might not in some circumstances be

*The superfluous words should be deleted.

themselves assessable to Excess Profits Tax. But it can be definitely stated that repayments of Excess Profits Tax would in no circumstances be included in the profits of a business for Excess Profits Tax purposes.

## INDIAN FINANCE ACT, 1942.

### ACT No. XII OF 1942.

[PASSED BY THE INDIAN LEGISLATURE,]

*(Received the assent of the Governor General on the 26th March, 1942.)*

**An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to vary the rate of the excise duty on kerosene leviable under section 5 of the Indian Finance Act, 1922, to vary the rate of the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to levy customs duties in addition to the duties of customs leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged.**

Whereas it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to vary the rate of the excise duty on kerosene leviable under section 5 of the Indian Finance Act, 1922, to vary the rate of the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, to levy customs duties in addition to the duties of customs leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged ;

It is hereby enacted as follows :—

1. (1) This Act may be called the Indian Finance Act, 1942.

(2) It extends to the whole of British India.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1942, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds *avoirdupois* of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

*3. In sub-section (1) of section 3 of the Motor Spirit (Duties) Act, 1917, for the words " twelve annas " the words " fifteen annas " shall be substituted.

*4. In the proviso to section 5 of the Indian Finance Act, 1922, for the words " of two annas and three pies " the words " at which customs duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force " shall be substituted.

*5. In sub-section (1) of section 3 of the Silver (Excise Duty) Act, 1930, for the words " three annas " the words " three annas and seven and one-fifth pies" shall be substituted.

*6. Where any goods chargeable with a duty of customs under the First Schedule to the Indian Tariff Act, 1934, or under the said Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall up to the 31st day of March, 1943, be levied and collected as an addition to and in the same manner as the total amount so chargeable, a sum equal to one-fifth of such amount ;

Provided that such addition of duty shall not be levied and collected on :—

(*a*) salt comprised in Item No. 25 (1) of the said Schedule ;

(*b*) motor spirit comprised in Item No. 27 (6) of the said Schedule ;

(*c*) raw cotton comprised in Item No. 46 (3) of the said Schedule, so long as the additional duty of customs imposed by the Cotton Fund Ordinance, 1942, continues to be leviable ;

(*d*) machinery comprised in Items Nos. 72, 72(1), 72 (2) and 72 (3) of the said Schedule ;

(*e*) the following, when the Customs-collector is satisfied that they are the produce or manufacture of Burma, namely :—

(*i*) potatoes and onions comprised in Item No. 7 of the said Schedule,

(*ii*) coffee comprised in Item No. 9 of the said Schedule,

(*iii*) spices comprised in Item No. 9 (3) of the said Schedule.

(*iv*) betelnuts comprised in Item No. 9 (5) of the said Schedule,

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* This section came into effect on 1st March, 1942, by virtue of a declaration inserted in the Bill under the Provisional Collection of Taxes Act, 1931 XVI of 1931).

(*v*) cutch and gambier comprised in Item No. 13 (2) of the said Schedule,

(*vi*) sugar excluding confectionery comprised in Item No. 17 of the said Schedule,

(*vii*) cigars comprised in Item No. 24 (1) of the said Schedule,

(*viii*) matches comprised in Item No. 34 (4) (*a*) of the said Schedule.

7. For the year beginning on the 1st day of April, 1942, the Schedule contained in Schedule I to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

8. (1) Subject to the provisions of sub-sections (2) and (3),—

(*a*) income-tax for the year beginning on the 1st day of April, 1942, shall be charged at the rates specified in Part I of Schedule II increased in the cases to which sub-paragraph (*b*) of paragraph A and paragraph B of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of income-tax, and

(*b*) rates of super-tax for the year beginning on the 1st day of April, 1942, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of Schedule II increased in the cases to which paragraphs A, B and C of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of super-tax.

(2) In making any assessment for the year ending on the 31st day of March, 1943,—

(*a*) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" or under the head "Interest on Securities" or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1941, on his total income the same proportion as the amount of such inclusions bears to his total income;

(*b*) where the total income of an assessee not being a company, includes any income chargeable under the head

" Salaries " on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Indian Income-tax Act, 1922, the super-tax payable by the assessee on that portion of his total income which consists of such inclusions shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1941, on his total income the same proportion as the amount of such inclusions bears to his total income.

(3) In cases to which section 17 of the Indian Income-tax Act, 1922, applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (1) of this section, and in accordance with the provisions of sub-section (2) of this section where applicable.

(4) For the purposes of this section and of the rates of tax imposed thereby, the expression " total income " means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (2) no tax shall be payable in cases to which sub-paragraph (*a*) of paragraph A of Part I of Schedule II applies where the assessee deposits with the Central Government in such manner and in accordance with such conditions as the Central Government may by rule prescribe for the purposes of this sub-section an amount representing not less than one rupee for every complete unit of twenty-five rupees by which his total income exceeds seven hundred and fifty rupees:

Provided that where the total income includes any income chargeable under the head " Salaries " or under the head " Interest on Securities " or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the amount to be deposited by the assessee in order to obtain the exemption conferred by this sub-section shall be an amount bearing to the minimum required to be deposited under the foregoing provisions of this sub-section the same proportion as the amount of his total income diminished by the amount of such inclusions bears to the amount of his total income.

(6) A deposit made in accordance with the provisions of sub-section (5) shall not in any way be capable of being charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the depositor and neither the Official Assignee nor any receiver appointed under the Provincial

Insolvency Act, 1920, shall be entitled to or have any claim on any such deposit.

(7) Where the total income of an assessee referred to in sub-paragraph (*b*) of paragraph A of Part I of Schedule II does not exceed six thousand rupees, an amount representing one rupee for every complete unit of two hundred rupees of his total income as reduced by the deductions, if any, allowed under the second proviso to sub-section (1) of section 7, section 15 and sub-section (1) of section 58F of the Indian Income-tax Act, 1922, shall be funded for the assessee's benefit and shall be paid to him on such date, not more than twelve months after the termination of the present hostilities, as the Central Government may fix :

Provided that nothing in this sub-section shall apply to any part of total income to which clause (*a*) of sub-section (2) applies.

*Explanation.*—In computing the amount to be funded under this sub-section if there is an incomplete unit amounting to one hundred rupees or more it shall be reckoned as a complete unit of two hundred rupees.

9. (1) In sub-clause (*a*) of clause (6) of section 2 of the Excess Profits Tax Act, 1940, for the words and figures " 31st day of March, 1942 " the words and figures " 31st day of March, 1943 " shall be substituted.

(2) The excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940, shall, in respect of any chargeable accounting period beginning after the 31st day of March, 1942, be an amount equal to sixty-six and two-thirds per cent. of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits.

10. (1) If before the 1st day of July, 1942, or within thirty days of the date on which any excess profits tax, charged under the provisions of the Excess Profits Tax Act, 1940, at the rate of sixty-six and two-thirds per cent. becomes payable, whichever of these dates is later, a further sum not exceeding one-fifth of the amount of the said excess profits tax is deposited with the Central Government, the Central Government shall repay, at such date and subject to such conditions as it may hereafter determine, so much of the said excess profits tax as shall be equal to one-tenth of the amount thereof or to one-half of such further sum deposited, whichever is the less :

Provided that, if the said excess profits tax is thereafter reduced, whether by relief given in respect of a deficiency of profits, or by relief given in respect of double excess profits taxation or otherwise, and whether by refund or otherwise, the portion of the tax to be repaid under this section shall be correspondingly reduced :

Provided further that if the said excess profits tax is so reduced, the maximum sum that may be deposited with the Central Government under this section shall also be correspondingly reduced :

Provided further that the provisions of this section shall apply in respect of excess profits tax to which the section applies which became payable before the commencement of this Act if the further sum referred to herein is deposited before the 1st day of July, 1942 :

Provided further that in relation to excess profits tax payable under the Excess Profits Tax Act, 1940, in respect of any profits which are also liable to assessment to excess profits tax under the law in force in the United Kingdom it shall be unnecessary to deposit the further sum referred to in this section, and the amount repayable by the Central Government under this section shall, subject to the first proviso, be one-tenth of the amount of the excess profits tax payable at the rate of sixty-six and two-thirds per cent. under the Excess Profits Tax Act, 1940.

(2) Any sum deposited with the Central Government under sub-section (1) shall carry simple interest at the rate of two per cent. per annum and shall be repaid within twelve months of the date of termination of the present hostilities.

(3) The Central Government may, by notification in the official *Gazette*, make rules for carrying out the purposes of this section and for prescribing the manner and conditions referred to in sub-section (5) of section 8.

## SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

(*See* section 7.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(*See* section 7.)

*Letters.*

| | |
|---|---|
| For a weight not exceeding one tola .. .. | One and a half annas. |
| For every tola, or fraction thereof, exceeding one tola .. .. .. .. .. .. .. | Half an anna. |

*Postcards.*

| | |
|---|---|
| Single .. .. .. .. .. .. .. | Nine pies. |
| Reply .. .. .. .. .. .. .. | One and a half annas. |

*Book, Pattern and Sample Packets.*

| | |
|---|---|
| For the first five tolas or fraction thereof .. .. | Nine pies. |
| For every additional two and a half tolas, or fraction thereof, in excess of five tolas .. .. .. | Three pies. |

*Registered Newspapers.*

| | |
|---|---|
| For a weight not exceeding ten tolas .. .. | Quarter of an anna. |
| For a weight exceeding ten tolas and not exceeding twenty tolas .. .. .. .. .. .. | Half an anna. |
| For every twenty tolas, or fraction thereof, exceeding twenty tolas .. .. .. .. .. .. | Half an anna. |
| In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet— | |
| For a weight not exceeding ten tolas .. .. .. | Half an anna. |
| For every additional five tolas, or fraction thereof, in excess of ten tolas .. .. .. .. | Quarter of an anna. |
| Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognized agent at the post office. | |

*Parcels.*

| | |
|---|---|
| For a weight not exceeding forty tolas .. .. | Four annas. |
| For every forty tolas, or fraction thereof, exceeding forty tolas .. .. .. .. .. .. | Four annas." |

## SCHEDULE II.

(*See* section 8.)

### PART I.

*Rates of Income-tax.*

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies :—

(*a*) Where the total income does not exceed Rs. 2,000—

| | | Rate. |
|---|---|---|
| 1. | On the first Rs. 750 of total income .. .. | *Nil.* |
| 2. | On the next Rs. 1,250 of total income .. .. Provided that no tax shall be payable on a total income which does not exceed Rs. 1,500. | Six pies in the rupee. |

(*b*) Where the total income exceeds Rs. 2,000—

| | | Rate. | Surcharge. |
|---|---|---|---|
| 1. | On the first Rs. 1,500 of total income .. .. | *Nil.* | *Nil.* |
| 2. | On the next Rs. 3,500 of total income. | Nine pies in the rupee. | Six pies in the rupee. |
| 3. | On the next Rs. 5,000 of total income. | One anna and three pies in the rupee. | Nine pies in the rupee. |
| 4. | On the next Rs. 5,000 of total income. | Two annas in the rupee. | One anna and two pies in the rupee. |
| 5. | On the balance of total income. | Two annas and six pies in the rupee. | One anna and three pies in the rupee. |

B.—In the case of every company and local authority, and in every case in which under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

| | Rate. | Surcharge. |
|---|---|---|
| On the whole of total income .. | Two annas and six pies in the rupee. | One anna and three pies in the rupee. |

## PART II.

*Rates of Super-tax.*

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraphs B and C of this Part apply—

| | | Rate. | Surcharge. |
|---|---|---|---|
| 1. | On the first Rs. 25,000 of total income. | *Nil.* | *Nil.* |
| 2. | On the next Rs. 10,000 of total income. | One anna in the rupee. | Six pies in the rupee. |
| 3. | On the next Rs. 20,000 of total income. | Two annas in the rupee. | One anna in the rupee. |
| 4. | On the next Rs. 70,000 of total income. | Three annas in the rupee. | One anna and six pies in the rupee. |
| 5. | On the next Rs. 75,000 of total income. | Four annas in the rupee. | Two annas in the rupee. |
| 6. | On the next Rs. 1,50,000 of total income. | Five annas in the rupee. | Two annas and six pies in the rupee. |
| 7. | On the next Rs. 1,50,000 of total income. | Six annas in the rupee. | Three annas in the rupee. |
| 8. | On the balance of total income. | Seven annas in the rupee. | Three annas and six pies in the rupee. |

B.—In the case of every local authority—

| | Rate. | Surcharge. |
|---|---|---|
| On the whole of total income .. | One anna in the rupee. | Six pies in the rupee. |

C.—In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies—

| | | Rate. | Surcharge. |
|---|---|---|---|
| 1. | On the first Rs. 25,000 of total income. | *Nil.* | *Nil.* |
| 2. | On the balance of total income. | One anna in the rupee. | Six pies in the rupee. |

D.—In the case of every company—

| | Rate. |
|---|---|
| On the whole of total income .. | One anna and six pies in the rupee. |

# THE BUDGET, 1943-44.

*Extract from the proceedings of a meeting of the Legislative Assembly, held in New Delhi on Saturday, 27th February, 1943.*

## Finance Member's Speech.

Since I last presented a Budget to the House, it has become patent to all that on the military side the war has entered on a new phase, the prelude, let us hope, to a decisive victory for the United Nations in a no longer distant future. The enemy is everywhere on the defensive. Though the destruction of the armed forces of the Axis Powers is the primary objective, we may also welcome, from the economic point of view, the cessation of the territorial acquisitions of the enemy, which have enabled him, by enslaving the local populations and by drawing upon local resources of raw materials and foodstuffs, to prolong the conflict in the economic as well as in the military sense.

2. The heartening position in which the United Nations now find themselves has not been achieved without an immense strain upon the economic apparatus of the entire world. We all rejoice with the Russian people as the enemy is flung out of one position after another, but from the economic aspect there is a call for additional plant, additional man-power and additional shipping to produce and transport the additional supplies which alone render such victories possible. The New Year message to Congress which the President of the United States delivered a few weeks ago affords impressive evidence of the stupendous war-potential of the American people ; it also shows that, except to the extent that hitherto unemployed resources can be utilised for the purpose, every increase in the armed power of America accentuates the strain upon productive power. Not so long ago, there was reason to fear that the dislocation of world trade caused by the war, by the shortage of shipping and the closure of markets, would force many countries of the world to grapple with the problem of surpluses. If, as regards one or two commodities, this fear is not entirely without foundation, the broad picture which confronts us to-day is one of omnipresent and cumulative shortage : of man-power, of materials, of equipment and of shipping. Moreover, in every part of the world this fact of shortage is being brought home to the common man in the most striking and positive way. Owing to shortages of labour, longer working hours and higher rates of wages, the money incomes of very large numbers of people have risen sharply and yet they find that these incomes cannot be freely spent : that everywhere the State is stepping in in order to control and limit consumption and thus to make the little that is available go as far as it possibly can.

3. We must, I feel, view the Indian economic situation in the light of these general world conditions if we are to pass a valid judgment upon what has been happening in this country in the last twelve months. As in the military, so in the economic sense, the war has come closer to India. In other words, economic conditions in India have become more closely assimilated to those prevailing in the outside world than was the case a year or more ago and, because the pace of assimilation has become accentuated, we are more conscious of the process of adaptation. Looking back on the first two years of the war, we can now see more clearly than was then possible how largely the favourable effects on India's economy outweighed the unfavourable ones. The war was far from our shores and yet it exerted a marked expansionist influence on production, employment and trade without any very serious disadvantages accompanying the transition from peace to war. It is true that we lost some overseas markets, but we gained others. Our external resources mounted rapidly and the repayment of our external debt began, a process which will have a permanent effect upon India's international situation. Employment improved and higher earnings compensated the rise of agricultural prices, which in its turn improved the buying power of the ryot, and the mounting demand was met by a fuller utilisation of the margin of productive power still available. It would be idle to pretend that in the last twelve months the unfavourable factors have not gained relatively to the favourable. Occupation by the enemy of neighbouring territory has robbed us of part of our food supplies and increased the strain on communications. The war-demands are eating deeply into our manufacturing capacity, expanded though that has been. The drastic cutting off of imports has reduced our supplies and helped the profiteer to exploit the consumer. At a time when our food supplies were reduced by the cutting off of imports we have had to come to the assistance of Ceylon. Civil disturbances have added to difficulties of transport and at the same time have encouraged individuals to hold stocks of food on a larger scale than usual. Prices have risen and, as in other parts of the world, an increased money income is being expended on a smaller stream of immediately available goods.

4. But, I repeat, the increased difficulties which we are now called upon to face are not in any way unique, and no good purpose can possibly be served by magnifying them or by failing to recognize that there are also favourable factors in the situation. Even if rising agricultural prices have done nothing else, they have obviously diminished the real burden of agricultural indebtedness, a source to which so many of the major evils which beset the Indian cultivator have so often been traced. The industrial worker is enjoying full employment at rising wages and if he can be induced to exercise sufficient self-control and

abstain from the immediate purchase of superfluities, he can build up a useful fund against the contingencies of the future. Our external debt is on the point of disappearance and we have large funds in hand with which we can finance the improvement of our industrial equipment in the future. All in all, when we compare our economic position with that of the other belligerent nations, we can face the difficulties of the present, not with complacency, for which there is certainly no room, but with the conviction that our problems are no worse and are indeed in many respects, easier than those of other peoples in a world at war.

### Financial Year, 1941-42.

5. I will now touch briefly, according to custom, on the results of the last financial year 1941-42. In our revised estimates we expected to end the year with a deficit of Rs. 17,27 lakhs. The actual deficit turned out to be only Rs. 12,69 lakhs. Revenue improved by no less than Rs. 4,95 lakhs, of which Rs. 1,89 lakhs are accounted for by Customs, Rs. 1,05 lakhs by the larger contribution made by the Railways to General revenues, and Rs. 1,48 lakhs by Central Excise duties and Income-tax. Defence expenditure increased by Rs. 1,48 lakhs which was offset in a large measure by savings aggregating Rs. 1,11 lakhs in the total Civil expenditure.

### Financial Year, 1942-43.

6. I turn now to the current year 1942-43, and will deal first with the revenue aspect.

Last February, in laying before the House our revenue estimates for this current year, I warned Honourable Members that there was likely to be a further marked drop in the scale of our imports, owing mainly to the war in the Pacific. Customs receipts during the first ten months of the financial year show a deterioration of over Rs. 6½ crores as compared with those of the corresponding months of the previous year. We now anticipate that for the whole year 1942-43 the net Customs receipts will amount to Rs. 31.00 crores, against the Budget estimate of Rs. 35.35 crores, or a shortfall of 4.35 crores. Salt revenue is estimated to amount to Rs. 10.50 crores.

7. Collections of Income-tax and Corporation Tax have continued to increase. Receipts on account of ordinary Income-tax including central surcharge are expected to yield Rs. 7 crores more than our Budget estimates. With increasing experience gained in the administration of the Excess Profits Tax Act, the work of assessment has steadily progressed and our total collections under this head, including advance payments, are expected to reach Rs. 26 crores, that is Rs. 7 crores more than the Budget

estimate. The provincial share of the divisible pool of Income-tax will now be approximately Rs. 10.55 crores as against Rs. 8.37 crores originally provided for in the budget.

8. The large increase under Currency and Mint calls for some explanation. Our Budget estimate of Rs. 3,26 lakhs included Rs. 2,62 lakhs as surplus profits of the Reserve Bank and Rs. 45 lakhs on account of profits from the circulation of bronze and nickel coin. Our share of the Reserve Bank's profits this year amounted, however, to Rs. 3,24 lakhs. As regards the profits from small coin, Hon'ble Members will recall the decision, announced in my speech introducing the Budget for 1941-42, to credit to revenue from that year onwards an average figure of Rs. 45 lakhs, any balance in excess being credited to a suspense account. The object was to even out the receipts over a series of years and eliminate from the revenue budget the disturbing effects of large returns of coin in any year. We did not then anticipate such large profits as have actually accrued from the unprecedented demand for small coin. On our present reckoning, Rs. 1,77 lakhs of profits have accrued in 1941-42 and we anticipate profits of Rs. 4,63 lakhs in the current year and about Rs. 4,03 lakhs next year. With the large expansion in our minting programme, expenditure has gone up from Rs. 78 lakhs in 1941-42 to Rs. 1,30 lakhs this year and is expected to be Rs. 92 lakhs next year. In these circumstances we have decided to transfer from the suspense account an amount which will provide a net sum of Rs. 45 lakhs a year, over and above the actual mint expenditure.

Hon'ble Members already know from the Railway Estimates recently submitted to them that the Railway surplus in the current year is expected to be better than the Budget estimates but that the contribution to General Revenues has been maintained at the original budget figure of Rs. 20,13 lakhs.

9. Allowing for an expenditure of about Rs. 60 lakhs in the current year on account of the grant of dearness allowances to certain classes of employees, the working of the Posts and Telegraphs Department is now expected to add to our revenue Rs. 1,35 lakhs more than was taken in the budget. After paying an outright contribution of Rs. 2,00 lakhs to the General Revenues, the Posts and Telegraphs Department will have at the close of the year an accumulated surplus of Rs. 7,72 lakhs out of which a lump sum contribution of Rs. 1,50 lakhs will be made to the Renewals Reserve Fund which needs replenishment in view of the heavy programme of capital expenditure.

Finally, there is an increase of Rs. 15,01 lakhs in the receipts of premia connected with the War Risks Insurance Scheme. This is in addition to the amount of Rs. 3,24 lakhs which we had

provided in the budget. For accounting reasons these sums are included both in the revenue and the expenditure estimates as they are for the present being paid into a separate fund.

*Expenditure.*

10. *Defence Services.*—Turning to the expenditure side of the current year, I deal first with the defence services.

It is hardly necessary for me to recapitulate the sequence of military developments which in the course of this year brought the imminent danger of invasion to the eastern frontier of India, while at the same time a more distant menace was looming up from the West as the German armies penetrated into the Caucasus and advanced to within a short distance of Alexandria. Despite the signal failure of a Japanese air attack on Ceylon and the severe damage inflicted by Allied naval and air forces in the Pacific on the Japanese navy and merchant shipping, the position of the Allied cause at the end of July last presented to many observers a picture of almost unrelieved gloom, which in India was rendered even darker by a deplorable outburst of civil disturbances. Under the surface, however, tremendous long range forces working in favour of the Allies were gathering momentum, and dramatically revealed themselves when the Axis forces were hurled out of Egypt, and Libya, while the Allied landing further west in North Africa, probably the greatest feat in the history of combined operations, created the vastly different situation in that continent which we see to-day. On the Russian front our allies are continuing the magnificent series of brilliant victories which has so completely dispelled the myth of German invincibility. Meanwhile in the Eastern theatre the Japanese have recently suffered serious reverses in New Guinea and the Solomons, while an advance into Burma has been made by the forces of the Indian command.

11. At the beginning of 1942-43 it had become clear that further substantial increases in all three arms of the defence services—particularly the Air arm—beyond those envisaged in the expansion measures which I mentioned in my last budget speech, were called for to protect India against the fresh dangers to which the course of the war had exposed her. Impending movements of forces from India overseas were therefore cancelled and additional forces had to be brought into the country to meet the imminent threats of attacks by sea and air on her shipping and ports, and of invasion by land.

On the army side the processes of raising, training and equipping new units and formations in India were intensified. Recruiting activities were extended and by the middle of the year we were raising recruits at the rate of about 70,000 per month, many being drawn from Madras and other new recruiting

grounds. Meanwhile training establishments increased and multiplied, and special attention has been devoted to the instruction and training of officers and men required for the Indian Armoured Corps, Signals, and M. T. units. I have referred elsewhere to the scheme for a vast extension of India's internal telephone and telegraph systems. The further improvement of the country's communication systems has been dictated largely by the vital needs of the defence services and a large proportion of the capital cost involved will be charged to the defence estimates. It is anticipated however that some of the equipment and stores required for this scheme will be obtained from the U.S.A. on Lease-Lend terms.

12. For the equipment of the additional troops, India is obtaining her full share of the greatly increased production of the United Nations and the position in this respect has improved though shipping and inland transportation difficulties naturally tend to hold up supplies and delay distribution. The provision of accommodation for housing the additional troops and for the storage of the equipment, stores and workshops required for the great expansion of the army in India, presented a most formidable problem to the engineering authorities in this country and has thrown a very severe strain on the country's resources in building materials and labour. The withdrawal of the Allied forces from Burma into India at the beginning of the year, involving as it did the tremendous task of opening up communications by the land route between the two countries, had already made heavy demands on those resources which throughout the year were further taxed to the utmost by the massive requirements of the Air Forces. To meet these demands, which were far beyond the capacity of the Military Engineering Services, the assistance of the Central and Provincial Public Works Departments, and in some cases of the Works Services of Indian States, was enlisted and in addition Civil Pioneer Battalions were raised to provide disciplined labour. In Eastern India large numbers of labourers engaged by the Tea Association and Indian States have been employed on defence works of various kinds.

As a result of these combined efforts, the land forces in India during the year 1943-44 will have reached a stage at which they can be regarded as reasonably adequate to meet all the demands likely to be made upon them for the defence of India. I shall not attempt to prophesy what may happen during that year but in the light of recent events we may hope that the role of some at least of these troops, which has hitherto been that of defence against threats of invasion, will be exchanged for offensive action alongside the other Allied powers.

13. During the course of the past year it became necessary to review the adequacy of the pay of the Indian soldier. Although

he is paid, clothed and housed at the expense of the State and thereby largely protected from the effects of the rise in prices, he has to make an allotment from his pay for the support of his family who are not so protected. To afford him relief, an increase in the basic pay, proficiency pay and messing allowance of all Indian other ranks and all non-combatants was sanctioned in October last, the details of which have recently been given to the House. It was felt, however, that in the present conditions it was less important to increase the amount of money at the soldiers' immediate disposal than to improve his position at the time of demobilisation when his need would probably be the greatest. The deferred pay of all ranks was accordingly also increased, to be accumulated in the soldier's account but not to be payable until his demobilisation. The Government at the same time decided to set aside annually, sums equivalent to this increase in deferred pay, the amounts being paid into a fund to be used for financing post-war schemes designed to promote the welfare of demobilised soldiers and followers.

14. Turning now to the navy, the year witnessed considerable progress with the expansion programme of the Royal Indian Navy and a very substantial number of war vessels completed since the outbreak of war are now in commission. An increasing number of these vessels is engaged in the protection of convoys and Honourable Members will not need to be reminded of the recent heroic exploits of one of these ships which resulted in the destruction of a very much larger and better armed enemy vessel. In addition to new construction undertaken specifically for the Royal Indian Navy a number of motorcraft constructed in India on Admiralty account have now been handed over to the Royal Indian Navy, and will form a valuable addition to our port defence flotillas. The strength of officers and ratings has increased by approximately 50 per cent. during the past year. Much progress has also been made in the improvement of facilities at the various naval bases and several new bases are being constructed. A Torpedo School has been opened for the training of officers and ratings in the use of this weapon. The existing Signal School has been expanded and a new and larger Anti-Submarine School constructed. A School now exists too for the training of officers and ratings in the handling of Landing Assault Craft.

15. But it is the development of the Air Forces in India during the year under review that presents the most impressive picture, by reason not only of its magnitude but also of its immense importance and proved value as a factor in India's defence system. For obvious reasons I cannot give the House anything beyond a very rough indication of what has been achieved in this direction but the respect with which our air defences to-day are treated

by the Japanese Air Forces and the failure of their airmen to inflict any appreciable damage on targets in India may be allowed to speak for themselves.

A year ago our programme of expansion of the Air Forces in India comprised first the building up as rapidly as possible of an Indian Air Force, and secondly the provisions of air fields and other facilities necessary for the operation and maintenance of an air force such as in certain circumstances it might be necessary to employ in India to protect her against external aggression. It had from the first been realised that should war on any considerable scale come to India's actual frontiers our air forces would have to be supplemented by reinforcing Royal Air Force squadrons until such time as the expansion of the Indian Air Force would enable India to be self-supporting in this arm of the service.

The review undertaken at the beginning of the year in the light of the situation then existing and of experience gained in other theatres of war showed, first that a very much larger number of reinforcing squadrons would be required than had previously been envisaged, and secondly that ground and other facilities on a vast scale were imperatively necessary to give the air forces in India the mobility and flexibility to meet attacks from any likely quarter. Accordingly a comprehensive programme of aerodrome construction was drawn up, the carrying out of which as a matter of the highest possible urgency has absorbed a large proportion of the country's resources of labour and materials during the year. To give some idea of the effort involved I may mention that nearly one million men were employed often by day and night for several months on the task.

Meanwhile a steady stream of aircraft, with their connected equipment and stores, and of trained personnel to operate and maintain them has been pouring into India, where squadrons of various types equipped with the most modern aircraft are rapidly being formed and allotted roles in the defence plan. At the same time the work of raising and training personnel for the expansion of the Indian Air Force is being vigorously pursued with satisfactory results and it is anticipated that early in 1943-44 this force will consist of seven squadrons. A number have already been re-equipped with aircraft of the latest types and are being trained in their use so as to be ready for active operations. This development of the Indian Air Force involves the training of a large number of Indians in various crafts and trades and is thus bringing into being a body of highly skilled artisans, whose existence, apart from their value in the present emergency, is likely to be of great permanent advantage to the country as a whole.

An up-to-date warning system based on the experience gained in Britain has been established in India and has already demonstrated its effectiveness. The anti-aircraft defences of the country have also been enormously strengthened and improved.

A rapidly expanding air force makes heavy demands for repair and maintenance facilities and to assist in meeting these demands it has been necessary to curtail very greatly the construction programme of the Hindustan Aircraft Company and to concentrate its activities on servicing, repair and overhaul. The Company will specialise in American types and its facilities are being utilised to a growing extent by the United States Army Air Corps. In addition a Civil Repair Organisation is being built up to supplement the capacity available in Government workshops and depots for repairing and maintaining aircraft of all kinds. As a result of these intensive efforts the time is rapidly approaching when the air defences of India will be capable of meeting any threats likely to arise and indeed of increasing the damage that they have for some time past been inflicting upon the enemy in Burma and elsewhere; for it must be remembered that in air-warfare the power to carry out deterrent offensives is even more valuable and constitutes a more effective means of defence than passive resistance to air attack.

16. It is now necessary to consider the effect of these activities on our defence expenditure. Security in these disturbed times is only to be purchased at a heavy price, and the House will no doubt be prepared for a bill of unusual magnitude. Before giving the actual figures of expenditure however I must deal at some length with certain major problems that have arisen in connection with the allocation of the cost of some of these measures. For this purpose it will be desirable to recapitulate the arrangements on which the apportionment of India's defence expenditure between British and Indian revenues is based.

The House will recall that the Financial Settlement between His Majesty's Government and the Government of India was negotiated in November 1939. Under it India is to pay—

(*a*) her pre-war normal budget for effective charges of Rs. 36.77 crores;

(*b*) a sum in adjustment of the normal budget for rises in prices;

(*c*) the cost of "Indian War measures," that is, such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests;

(*d*) a contribution towards the additional costs of her external defence. India has paid a lump sum of Rs. 1 crore on this account.

His Majesty's Government is to pay for the remainder of all general defence and supply expenditure incurred by India, subject to separate post-war negotiations concerning the liability for surplus war stores in India acquired in the common interest. Non-effective charges were to be dealt with separately.

Expenditure on Supply in its widest sense—the production of guns, ammunition, armoured cars, clothing and warlike stores of every description (some 60,000 items) was so closely related to direct defence expenditure that it also was covered by the Financial Settlement. The arrangement was, broadly speaking, the same: India pays for whatever she takes from Indian production for Indian war measures, and for her share of joint war measures, including storage charges, and His Majesty's Government pays for, and owns, all the remaining stores produced, together with practically all the capital assets created for the purpose of expanding production and storage.

Both parties to the Settlement emphasised the importance of avoiding the meticulous calculations, arguments and adjustments which gave rise to such endless trouble and confusion in the last war.

In actual practice the majority of war measures in India are not, in the nature of things, taken solely in India's interests, nor solely in the interests of His Majesty's Government, but in the joint interests of both. Such measures have conventionally become known as joint war measures. Although joint war measures have been referred to and described in the Appropriation Accounts for the years 1939-40, 1940-41 and 1941-42 and are well known to the Public Accounts Committee of this House, I find that there has been some misunderstanding as to their precise nature and scope.

17. The war machine in India is a very complex organisation and it is not always possible to establish direct connection between a defence measure and a distinct class of war activities. For example, an expansion of General Headquarters may be necessitated by the putting into force of a number of measures, including the formation of an Indian Observer Corps, the raising of railway protection units, the construction of prisoners of war camps, and the despatch of troops overseas. Of these measures the first two are undertaken for Indian purposes and the third and fourth in the interests of His Majesty's Government. Similarly the creation or expansion of a Fighting Vehicle School cannot be related to one class of war activities since those trained in the school may subsequently serve in units employed in a Defence of India role or in units employed overseas. Such an expansion of General Headquarters or of training facilities clearly cannot be classified definitely as an Indian war measure or as a war measure

for His Majesty's Government since it serves common purposes. Who then is to pay for measures of this kind under the Settlement ? Clearly they must be classified as joint war measure, the Indian share of which becomes an Indian war measure and the balance a war measure for which His Majesty's Government is liable. This is an inevitable consequence of the Settlement and not a departure from, or an addition to, it.

There are also measures whose immediate purposes are joint in character, e.g., the creation of naval bases in India to cater for both India's local naval defence vessels and those of the Royal Navy, and schemes for the expansion of the Army in India. As regards the latter it is obvious that the expansion of her land forces is a matter in which India's interests are directly concerned but in so far as the additional forces raised under these expansion schemes may (provided they can be spared by India) be made available for employment overseas in the service of His Majesty's Government, that Government also is interested and has agreed to share the cost of such schemes, which may accordingly be regarded as " joint." But for this agreement India would have had to pay for them entirely herself.

18. In practice the Settlement has worked very well in an atmosphere of mutual cordiality and trust. Its application is closely watched by the Auditor General of India on behalf of both Governments ; he scrutinises in detail the allocation of charges between India and His Majesty's Government and reports to the Public Accounts Committee in India the results of his scrutiny. His Report and comments go also to the Comptroller and Auditor General in the United Kingdom, and the Report of the Public Accounts Committee of the Indian Legislature is forwarded to the Public Accounts Committee of Parliament. I mention these facts in order to emphasise that the allocation of war expenditure under the Settlement between India and England is conducted in accordance with settled principles, and is open to audit on behalf of the Indian Legislature and to investigation by the Public Accounts Committee of this House.

The Settlement was concluded at a time when no major expansions in the land, sea and air forces of India or in our Supply activities were in sight. Almost immediately afterwards however the first large measure of expansion of the land forces was embarked on. It began as a measure to raise forces for the defence of India, but shortly afterwards His Majesty's Government began to ask India to supply troops for overseas service in the Middle and Far East. This India agreed to do provided the strategic situation in India permitted, and it therefore came about that, from time to time, while the expansion was in progress, troops originally raised for purposes of India's defence were released

for service overseas and had to be replaced in India. These changes in the roles of new units and formations led to constant changes in the allocation of the relevant expenditure, and it soon became obvious that all expansions in the land forces in India must be considered as one joint war measure and that the cost thereof should be divided in the following manner :—

(*a*) That India would pay for the raising, training and equipping *from Indian resources* of all land forces raised in India and for their maintenance as long as they stayed in the country and were available for the local defence of India. When they left for overseas, the cost to India of raising and training them and also of equipping them would be recovered from His Majesty's Government who would assume all further liability for them.

(*b*) All imported equipment and stores for such expansion measures of the land forces from whatever source (except vehicles, armoured or otherwise, from elsewhere than the United Kingdom) would be provided free by His Majesty's Government.

Apart from its general equity, this method of dividing the cost of this joint war measure had the great advantage also of simplicity and administrative convenience. It involved the minimum of accounting, and ensured that effective financial and administrative initiative and authority for these measures was located in India.

19. The allocation of the cost of expansion of the Royal Indian Navy raises no special problem. It consists mainly of purely Indian war measures relating wholly to India's local naval defence and no difficulty has been experienced in dealing with such naval joint measures as have been put into force in accordance with the principles of the Settlement.

20. The major expansion of the Air Forces in India which I have explained has raised a financial problem of considerable magnitude. It is clear that this expansion, like that of the land forces, is a joint war measure since, although the role of the Air Forces while located in India is to defend India, some of them might, and almost certainly will, be allotted other roles when the removal of the immediate threats to India's security permits of their release. The problem was to arrive at an equitable and simple method, acceptable to both Governments, of allocating the very heavy expenditure arising out of this joint measure. In many respects the problem resembles that connected with the expansion of India's land forces but there are certain important points of difference. In the case of the air forces the bulk of the expansion must necessarily consist of Royal Air Force squadrons specially brought into India for the purpose, and His Majesty's Government have incurred heavy expenditure on the raising and training of these squadrons. The aircraft and most of the

other equipment of an air force have to be imported into India and are exceedingly costly. On the other hand, the expenditure incurred in India on the provision of ground facilities for these forces is, as already mentioned, very large.

21. In addition to this problem connected with Air Force expenditure major questions regarding the incidence of expenditure on two other war activities have arisen. These relate to—

(*a*) the increasingly complicated expansion of our Supply Department's activities, and

(*b*) the arrival of United States Air Forces in India, and Reciprocal Lease-Lend to them.

To deal first with Supply Department's activities. The Roger Mission, the Eastern Group Supply Council and later the American Technical (Grady) Mission had all been examining India's industrial war potential. They had recommended wide expansion in our war industries in multifarious directions. Many of these were being implemented, and new factories and facilities were being established, all at the cost of His Majesty's Government. At the same time India's own share of the off-take from these factories was rapidly increasing and was much larger than originally planned. Again, the establishment and expansion of major industries required the establishment of minor ancillary industries (nuts, bolts, rivets, buttons, silk filatures, and a host of others) which were spreading to almost every corner and workshop of India and the Indian States. This interrelated development was continually growing, and was growing at the capital expense of His Majesty's Government although a large amount of it was to satisfy India's own needs. Further it was being paid for and therefore owned by His Majesty's Government and the right of disposal after the war was vesting in His Majesty's Government. Again a great deal of it would be to the permanent advantage of India. It was becoming evident that, apart from the equities of the matter, it was to the mutual interests of both parties that the allocation of capital expenditure on Supply measures should be reviewed.

To turn now to the second question, namely, Reciprocal Lease-Lend to the United States forces in India. The advent of the United States Air Forces immediately raised the question of who was to pay for the Reciprocal Lease-Lend of such goods and services as India could supply. Reciprocal Lease-Lend involves immediate cash expenditure in India, just as Lease-Lend involves cash expenditure in America by the American Government. It was first necessary to decide whether the expenditure on Reciprocal Lease-Lend fell within the Financial Settlement or not, and if so how it should be allocated in some simple and broadly equitable way.

'22. Besides these questions which related to the application of the existing Financial Settlement, and overshadowing them, there arose a much larger issue, namely, whether in the new situation which had developed, the terms of that Settlement were any longer capable of producing an equitable apportionment of defence liabilities. On behalf of His Majesty's Government it was pointed out that whilst on the one hand, large quantities of the most expensive modern equipment were being sent to India for the defence of India without any charge by Britain, on the other hand, the cost of the goods and services supplied by India for theatres of war outside India was being charged in full to His Majesty's Government. It was urged that the conception of Indian defence, on which the existing scheme rested, was too narrow in that India's liabilities were restricted to the geographical limits of India and did not extend even to operations in contiguous territory just beyond those borders. Throughout the world there was a growing recognition of the importance of the principle of "Reciprocal Aid" enunciated by President Roosevelt, namely, that each of the United Nations should contribute all it can from its own resources and in proportion to its capacity to the common war effort. It was strongly contended by His Majesty's Government that the continued operation of the Financial Settlement between India and the United Kingdom would lead to an inequitable distribution of the costs of the joint efforts to defend India and the countries with which the defence of India was intimately bound up, against the aggression of the Axis powers. It was therefore proposed on behalf of His Majesty's Government that the existing Settlement should be abandoned and that in the new arrangement it should at least be stipulated that the value of equipment supplied by His Majesty's Government for the defence of India should be set against the cost of goods and services supplied by India for use in operations outside India.

23. These problems were of such importance, and involved such major financial issues, that it was deemed advisable that I should proceed to the United Kingdom to discuss them. The discussions on the major question of a revision of the Financial Settlement were prolonged and occupied the greater part of the duration of my stay in England. On behalf of India it was pointed out that, owing to the developments in the situation since the entry of Japan into the war, the cost of the measures necessary for the defence of India and for which India is liable under the existing Settlement, was so great as to impose a very heavy strain on India's limited financial resources. Whilst it was true that the existing Settlement had in the first two years of the war operated in such a way as to shelter India from the major financial consequences of war, that was no longer the case at the present time. It was therefore strenuously contended that the existing

Financial Settlement should not be abandoned and that any outstanding questions should be adjusted with strict reference to the principles of that Settlement. I need not traverse in detail all the arguments that were adduced in support of our case but I am happy to be in a position to say that the Government of India have now been informed that His Majesty's Government do not intend to pursue the proposal to modify the character of the present Financial Settlement. The Settlement therefore stands, and I have no doubt that this important decision will give as great satisfaction to the House as it has done to the Government of India.

24. In the matter of an equitable allocation of the costs of expanding the Air Forces in India, it has not yet been possible to arrive at a definite decision. It is accepted that India's liability shall be related only to the amount of the expenditure actually brought to account by India, namely, the capital outlay incurred in India on the provision of air fields and other ground and operational facilities, and the recurring costs of the squadrons and connected services while employed in India. It is, however, considered essential in India's interests to arrive at an understanding regarding the maximum forces which should be considered as strictly necessary for the defence of India. As I have previously indicated, our maximum requirements in terms of Land forces will probably be reached during the coming year, and the estimates have been framed on this basis. In the case of the Air forces, a limitation of this nature is more difficult to formulate. Pending the determination of this issue an arbitrary amount equivalent to half of the total estimated capital and recurring costs in question has been provisionally included in the revised and budget estimates, and the balance taken for the time being to a Suspense account.

25. As far as the Supply Department activities are concerned, it was suggested that a solution of the problem satisfactory to both parties might be found in the practice to which Government frequently resorts in negotiating with a private industrialist an expansion of his plant for war production. He is frequently not prepared to find the finance himself, either because he cannot, or because the expansion may have a doubtful post-war commercial value. India's war-time industrial expansion *as a whole* is very similarly circumstanced. Some of the expansions may not have any post-war commercial value, but others will have. It is accordingly proposed that India should provide one half the capital (as is usual in dealing with private industrialists) and should then own all the assets, already created or to be created. This arrangement would not extend to the Chatfield factories which are already owned by India, although established at the expense of His Majesty's Government. India would thus

acquire the ownership of industrial assets located in her territory, and this arrangement would avoid long post-war arguments as to the disposal of property owned by His Majesty's Government.

26. The question of Reciprocal Aid to the United States Forces in India in relation to the Financial Settlement between His Majesty's Government and India has proved extremely difficult. The Mutual Aid Agreement of February 1942 between His Majesty's Government and the United States of America does not cover either the Dominions or India. That agreement provides for Reciprocal Lease-Lend as an obligation arising from the benefits of Lease-Lend. Some of the Dominions have already executed separate Agreements direct with the United States of America adopting in terms the Mutual Aid Agreement between the United Kingdom and the United States of America and thus accepting the liability for Reciprocal Aid to the United States of America. In the absence of any such separate agreement between India and the United States of America the true character and significance of India's participation in the benefits of Lease-Lend goods and services and the nature of the consideration which should be given in return, are very difficult to determine. One view would be that the Lease-Lend goods which India receives have really been lease-lent by the United States of America to His Majesty's Government who might pass them on to India on such conditions as were mutually agreed upon. Suitable conditions would obviously be extremely difficult to devise and impose. His Majesty's Government could not pass such goods to India unconditionally because of the obligations it has assumed in respect of them. The nature and extent of the consideration for them which India would have to give to His Majesty's Government would again raise a problem that it would be exceedingly difficult to solve. It would almost certainly be expected that India would afford reciprocal Lease-Lend to the United States Forces within her territories as one element in this consideration. Again the ownership of the cash receipts which accrue from the sales of Lease-Lend goods in India to the public or to *quasi*-public bodies would need determination. In short, in the absence of a direct Mutual Aid Agreement between India and the United States of America the problem of Reciprocal Aid to the United States Forces in India bristles with difficulties. The possibility of entering into a direct Mutual Aid Agreement with the United States of America is at present being considered, and I can say no more at present. In the meantime Reciprocal Lease-Lend to the United States Forces in India has been shown in the Defence Estimates as a charge to Indian revenues. At the same time credit has been taken in the same estimates for all receipts expected to be realised from the sale of Lease-Lend supplies to the public, Provincial Governments, Railways and Government Departments, run on commercial or *quasi*-commercial lines.

This decision involves a modification of the procedure announced in my last budget speech under which the value of Lease-Lend stores utilised for Indian purposes, whether civil or military, was to be charged to the budgets concerned and the corresponding credits taken to a suspense head of account.

Although it has been necessary for budget purposes to make an estimation of the cost of Reciprocal Aid likely to be rendered to the United States Forces in India during 1942-43 and 1943-44, I must warn the House that owing to various unpredictable factors and accounting difficulties the accurate assessment of this cost is impossible—at any rate, at this juncture. Any figures given therefore must be taken with the greatest reserve as being little more than rough guesses. A similar caveat applies to an even greater extent to any estimates of the value of Lease-Lend supplies to India. The uncertainties of shipping alone render it impossible to say what Lease-Lend goods will reach India in any given time. Subject to this reservation the total expenditure on providing Reciprocal Aid to the United States Forces in India during 1942-43 and 1943-44 has been taken in these estimates at Rs. 16,70 lakhs and Rs. 8,04 lakhs, respectively. The disparity between the two amounts is due to the fact that the bulk of the capital costs of providing aerodromes in India for the United States Air Forces is included in the amount for 1942-43. On the other hand the estimated value of Lease-Lend supplies already received in India and utilised for her own purposes exceeds the aggregate provision made for reciprocal aid during the current year and the next.

27. It has also been decided to liquidate as soon as convenient our Chatfield debt of one quarter of £34 millions. It will be recalled that this was the estimated pre-war capital cost of modernising the Army in India, three-fourths of which was to be provided by His Majesty's Government as a free gift to India while the balance of one-fourth was to be India's liability, to be discharged on easy terms. Early liquidation of this liability, which will in any case have to be discharged sooner or later, amounts in effect to the repatriation of another small block of India's sterling debt.

28. It remains for me to mention one other special feature of the defence portion of the estimates now presented before I come to the actual figures. An analysis of the expenditure covered by those estimates brings out the fact that it contains many elements of a capital nature against which tangible and valuable assets are held. The principal items falling into this category are (1) the capital outlay on providing air fields and other ground facilities for the Air Forces, (2) India's share of the capital cost of industrial expansion measures, (3) the capital outlay on air fields, etc., provided under the Reciprocal Aid arrangements for

the United States of America Forces in India, (4) the cost of constructing new capital ships for the Royal Indian Navy and (5) the defence share of the capital outlay on the scheme for the extension of telegraph and telephone communications in India. It would be quite in accordance with the general practice of Government to charge such expenditure to a capital head, although this course has not in the past been followed in the case of defence expenditure. It has therefore been decided that the revised and budget estimates for the defence services will consist of a revenue portion and a capital portion, and as the capital expenditure in the current financial year is likely to be very much heavier than that incurred in 1943-44 this arrrangement has the advantage of avoiding a serious disparity that might otherwise be shown between the revised and budget estimates of the defence expenditure chargeable to revenue.

29. The revised estimates of defence expenditure for the year 1942-43 amount to Rs. 1,89,75 lakhs and Rs. 49,14 lakhs under the revenue and capital heads respectively. The details are as follows :—

| *Revenue portion.* | In lakhs of Rs. |
|---|---|
| (1) Basic Normal Budget .. .. .. .. | 36,77 |
| (2) Effect of rise in prices .. .. .. .. | 8,61 |
| (3) India's War Measures .. .. .. .. | 1,35,96 |
| (4) Non-effective charges .. .. .. .. | 8,41 |
| Total .. | 1,89,75 |
| *Capital portion.* | |
| (1) Air Force—aerodromes .. .. .. .. | 18,37 |
| (2) Capital outlay on industrial expansion .. .. | 12,00 |
| (3) Reciprocal Aid—aerodromes .. .. .. | 12,75 |
| (4) New construction for the R. I. N. .. .. | 4,72 |
| (5) Capital outlay on Tele-communication scheme .. | 1,30 |
| Total .. | 49,14 |

In the revenue portion the increase of Rs. 2,09 lakhs in item (2) over the corresponding budget figure represents the estimated effect on the cost of India's normal peace garrison of the increases in pay and allowances of British and Indian troops and of dearness allowances for other low paid Government servants, sanctioned during the year. The increase of Rs. 54,66 lakhs in item (3) is due mainly to the increase in the strength of forces in India, increases in pay and allowances of defence personnel, the grant of field service concessions to troops in India, and the provision of additional port and coast defence measures. Allowance has been made for receipts amounting to Rs. 7,50 lakhs on account of Lease-Lend supplies utilised by the public, Provincial Governments, Railways and the Posts and Telegraphs Department.

The estimate of non-effective charges remains unchanged pending conclusion of a settlement with His Majesty's Government regarding the allocation of such charges arising out of the war. The discussion of the terms of this settlement is now approaching finality.

The nature of the items provided for in the Capital portion of the defence estimates has already been described.

30. *Civil Estimates.*—Civil expenditure in the current year has increased by Rs. 29½ crores over the budget estimate. This sum, as I have already indicated, includes the premia accruing from the War Risks Insurance Scheme totalling Rs. 18¼ crores or Rs. 15.01 crores in excess of the budget provision. The actual increase is therefore Rs. 14¼ crores and is attributable in the main to causes connected with the war and the conditions created by it, and in a lesser degree, to measures taken to meet the internal situation reflected in the disturbances which commenced in August last. I shall allude briefly to a few of the main items.

31. The approach of the enemy to the North-Eastern frontier of India greatly increased our vulnerability to attack from the air and rendered it imperative to speed up and augment our Civil Defence preparations. Precautionary measures were taken in 346 localities and the strength of the A.R.P. Services reached the figure of about 350,000. Five new A.R.P. Schools were opened to train personnel and 2,000 officers and instructors have already passed out from them. A Civil Pioneer Force has also been enrolled. While Civil Defence is primarily a matter for Provincial Governments, the Central Government has undertaken to bear a proportion of the expenditure incurred by them and we now expect our liability in the current year on this account to be Rs. 6,23 lakhs which is over 50 per cent. of the total Provincial expenditure on A.R.P. Services. The Government of India also maintain a number of Central organisations and services which together with A.R.P. measures carried out in Centrally Administered Areas will cost about Rs. 75 lakhs. In the light of the present favourable developments in the military situation, we are now making a review of our activities in this sphere but the effect of any conclusions arrived at will be reflected mainly in the expenditure of next year.

32. Pre-eminent among the problems arising from conditions created by the war is that of dearness allowance. We fully realise that, in increasing purchasing power by enhancing dearness allowance, we are not finding a permanent remedy for the problem of dearness but are exposing ourselves to the risk of inflation. This consideration affords an added incentive to our efforts in dealing with the major question of food supply, as the success of these will furnish the best safeguard against a further rise in

the cost of living and consequential demands for more dearness allowance. We have estimated that the cost of allowances on the present scale for a full year will approximate to Rs. 1,70 lakhs for the civil administration excluding Posts and Telegraphs, Railways and Defence Services.

33. At this point I may also allude to measures we have taken to afford relief to large numbers of persons evacuated from Burma in the face of the Japanese invasion. Some 400,000 persons left that country by the land routes leading into Bengal and Assam and approximately 84,000 were evacuated by sea and air. Special organisations have had to be set up on an adequate scale to deal with these. In Assam we provided over 30 camps with medical and sanitary staffs for their reception. It has also been necessary to make advances of money to afford to those at present destitute an opportunity of rehabilitating themselves in their new environment. All these measures have cost us about Rs. 1,00 lakhs.

Apart from the war and the abnormal conditions it has created in civil life, we were confronted also with the widespread internal disturbances which commenced in August last. Here we had to come to the assistance of the Provinces already heavily burdened with Civil Defence expenditure by meeting in part the cost of expanding their police forces. On this alone we estimate to spend approximately a crore of rupees. This figure of course takes no cognisance of the great loss we have suffered in the damage to our property, particularly on Railways and in the Posts and Telegraphs Department.

34. The Supply Department has continued to expand. The only substantial changes in its organisation during the year 1942-43 have been the establishment of a new Directorate-General of Shipbuilding and Repairs and the transfer to the new Food Department of the responsibility for the procurement of foodstuffs for Defence Services. Two other important changes to which effect will be shortly given are the creation within the Directorate-General of Munitions Production of a division to handle the repair and maintenance of Service aircraft and the production of aeronautical stores on an all-India footing.

The volume of the orders with which the Supply Department has dealt may be judged from the fact that from the outbreak of war to the 31st of December 1942, the value of contracts placed by its Purchase Branch amounted to Rs. 454.5 crores. For the first nine months of 1942-43, Rs. 163.1 crores worth of orders were placed, giving a current monthly average of over Rs. 18 crores.

There are signs, however, that the curve of production is flattening and that for certain items—particularly clothing and

personal equipment which have been in large scale production for a long time—there may be a falling off.

35. I have now reached the end of my general review of the current year and it only remains for me to summarise the final position.

Our revised estimates for revenue show an improvement of Rs. 26,76 lakhs, while there is a net increase of Rs. 86,35 lakhs under expenditure charged to revenue. Thus we expect to end the year with a revenue deficit of Rs. 94,66 lakhs.

## Financial Year, 1943-44.

### *Revenue.*

36. I now come to the financial year 1943-44. Our total revenue estimates amount to Rs. 199,30 lakhs as compared with Rs. 178,76 lakhs in the revised estimates of the current year. Under Customs revenue we are providing for Rs. 30 crores against Rs. 31 crores in the current year. The position in this respect is now governed mainly by the amount of shipping space available for private merchandise which, as the war develops, tends constantly to shrink. In taking a figure of Rs. 30 crores for 1943-44 we are, therefore, probably being optimistic. Under Central Excise Duties we expect an increase of Rs. 84 lakhs, solely on account of sugar. The output of this commodity during the past year has been restricted by difficulties which, in the year before us, we trust will be removed.

As regards Corporation tax and other taxes on income, including Excess Profits Tax, we have, after taking into account the trend of our recent collections and making allowance for the assessments yet to be made, raised our estimate of the total yield from these taxes by Rs. 17 crores. Of a total of Rs. 95 crores estimated under these two heads of revenue, Excess Profits Tax alone is expected to yield Rs. 40 crores. The divisible pool of Income-tax has been taken as Rs. 33.19 crores and the share available to Provinces will be even better than in the current year, touching the record figure of Rs. 12.10 crores. Under Salt, we are allowing only a modest increase of Rs. 50 lakhs over current year's budget estimates. In view of the improved demand for opium and morphine for medical purposes both in India and abroad, we are placing our estimates of opium revenue at Rs. 1,08 lakhs.

As a result of the financial arrangement with His Majesty's Government in regard to the Railway Annuities, we will receive next year about Rs. 87 lakhs, representing the interest portion of the credit to be made available by His Majesty's Government and this is reflected in the improved receipts under Interest.

Our Currency and Mint receipts for next year are placed at a higher level than in the current year's budget for the reasons I have already stated in dealing with the revised estimates for the current year.

37. We are allowing Rs. 27,10 lakhs as the contribution from Railways to General Revenues, in pursuance of the revised arrangements placed before the House recently.

For next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 20,73 lakhs and expenditure Rs. 13,57 lakhs. The larger revenue is mainly due to the general increase in traffic and the taking over by Government of the systems belonging to Telephone Companies at Bombay, Calcutta and Madras whose licences expire in 1943. The whole of the surplus of Rs. 7,16 lakhs in 1943-44 is being treated as an outright contribution to General Revenues.

*Expenditure.*

38. *Defence Services.*—The budget estimates of defence expenditure for 1943-44 amount to Rs. 1,82,81 lakhs and Rs. 16,85 lakhs under the revenue and capital heads respectively. The details are as follows :—

| *Revenue portion.* | In lakhs of Rs. |
|---|---|
| (1) Basic normal budget | 36,77 |
| (2) Effect of rise in prices | *10,62* |
| (3) India's war measures | *1,27,01* |
| (4) Non-effective charges | *8,41* |
| *Total* | *1,82,81* |

| *Capital portion.* | |
|---|---|
| (1) Air Force—aerodromes | 2,52 |
| (2) Capital outlay on industrial expansion | 4,00 |
| (3) Reciprocal Aid—aerodromes | 2,85 |
| (4) New construction for the R. I. N. | 3,28 |
| (5) Capital outlay on Tele-communication scheme | 4,20 |
| Total | 16,85 |

In the revenue portion the increase over the revised estimates in item (2) is based on the anticipated general level of prices during 1943-44 and allows for the effect for a full year of increases in pay and allowances sanctioned for British and Indian troops during the course of the year 1942-43. In regard to item (3), the decrease of Rs. 9 crores as compared with the revised estimates is the net result of large increases and decreases. The increases in the main are due to the operation throughout the year of improvements in pay and allowances of defence personnel, and of the grant of field service concessions to troops serving in India, and to the higher average strength of the defence forces in India.

The increases have been more than counter-balanced by a lump deduction made to allow for possible movements of troops out of India and for a heavier receipt (Rs. 15,00 lakhs) on account of Lease-Lend supplies utilised by the public, Provincial Governments, Railways and the Posts and Telegraphs Department.

It will be noticed that for the first time since the war began our estimates envisage a decrease in the defence budget as compared with the revised so far as expenditure charged to revenue is concerned, and, although it would be unsafe to conclude from this that India has now reached the peak of her own war expenditure, it is legitimate to hope that the stage of heavy additions is past.

The large decrease in the provision under the capital sanction of the budget estimates as compared with the revised reflects the completion during 1942-43 of the bulk of the programme of aerodrome construction for the Air Forces in India as well as for the United States Army Air Corps.

*Civil Estimates.*

39. Our civil expenditure shows a reduction of about Rs. 7 crores as compared with the revised estimates of the current year. Of this a little more than Rs. 4½ crores is accounted for by smaller receipts from the Factories War Risk Insurance Scheme which figure as expenditure on transfer to the relevant fund. Five out of the eight instalments of the premia relating to the Scheme will have been realised by the close of the current financial year, leaving only three instalments to be collected next year. A reduction of Rs. 2½ crores in respect of Civil Defence expenditure is also anticipated as a result of the general improvement in the war situation and the less imminent threat of enemy attacks. We hope, indeed, that the provision now made on this account will be still further reduced as the result of provisional conclusions reached at a recent conference on future Civil Defence policy. On the other hand, we are providing for an increase of Rs. 1,30 lakhs over the revised estimates for the current year under Interest. This requires a little explanation. Though as a result of the repayment of the non-terminable sterling loans and Railway Debentures there will be a saving of Rs. 3,78 lakhs, interest on the loans we have floated in India in 1942-43 and which we expect to float in 1943-44 will cost us in all Rs. 3,50 lakhs. Other factors which have affected our interest charges are the diminution in the interest payments from certain Provincial Governments resulting from the repayment of a capital portion of their consolidated debt, the growing Railway Depreciation Fund, and the accretions to our floating debt occasioned by revenue deficits and capital expenditure.

40. The food crisis that developed during the course of the year has rendered it necessary for Government to create a separate Food Department. We are trying to induce the producer, by propaganda and other means, to market his produce freely, and control measures are also being taken to suppress hoarding and to ensure a freer flow of commodities. Under the scheme, the surpluses of certain Provinces will be bought for the purpose of equalising the deficits of other Provinces. Special steps are being taken to see that the grain obtained by the Government agencies reaches the individual consumer at a reasonable price. Any estimate of the financial outlay involved must, at this stage, be conjectural but we estimate that the total purchases during 1943-44 will amount to approximately Rs. 75 crores. This will be met by the Central Government in the first instance and recovered later from the Provincial Governments on whose behalf purchases are made.

The Government of India are determined to spare no effort to increase the production of essential food commodities and are anxious that at this stage no scheme which affords promise of making an early and substantial contribution to this end should be excluded from consideration on purely financial grounds. Pending a decision on the specific measures to be taken, we have provided in the budget a round sum of Rs. 50 lakhs, but we would not limit our expenditure to that figure if further outlay were to offer a greatly enhanced prospect of achieving our object.

41. I can now summarise the position for the coming year. The expenditure detailed in the civil estimates comes to Rs. 76,78 lakhs, and the provision for Defence Services has been placed at Rs. 182,81 lakhs. Our total expenditure estimates thus amount to Rs. 259,59 lakhs. The total revenue at the existing levels of taxation is estimated at Rs. 199,30 lakhs. We are thus left with a prospective revenue deficit of Rs. 60,29 lakhs.

## WAYS AND MEANS.

42. I shall now proceed to outline the broad features of our ways and means position, which with the intensification of the multifarious demands made by the war, has now become a formidable pre-occupation for Government.

The subscriptions to the Defence Loans during the period beginning from the 1st February 1942 and ending with 31st January 1943 amounted to Rs. 34½ crores, raising the total proceeds to Rs. 145 crores since the Defence Loans were first issued in June 1940. The Second Defence Loan which was closed on the 14th February 1942 was followed in July 1942 by the Third Defence Loan, which is a re-issue of the 3 per cent. 1951-54. In October 1942 there was also a special re-issue of the 3 per cent. 1963-65 in connection with the funding of our liabilities in respect

of railway annuities, the amount offered and taken up being Rs. 15 crores. While the sales of Defence Savings Certificates and investment in the interest-free Defence Bonds have continued it would appear that the effect of the initial momentum is being lost and a far more vivid realisation of the importance to the ordinary citizen of utilising these channels of investment for the common good as well as for the furtherance of the country's war effort is called for. At the same time it should be remembered that in addition to the subscriptions to the Defence Loans there is a steady investment of new money in Government loans through the machinery created and developed in connection with the repatriation of our sterling debt. Opportunities are available to the public for investing in a variety of Government loans consisting of counterparts of the repatriated stocks or the re-issue of existing rupee loans into which some of these were converted, and these opportunities are being utilised especially by institutional investors. The total public investment made through this channel amounted to Rs. 36 crores over the 12 months. Lastly, about Rs. 8 crores of new money was subscribed during this period to certain provincial loans floated to enable the provinces to make advance repayments of a part of the consolidated debts due to the Centre. Together with the subscriptions to the Defence Loans, these investments aggregate to Rs. 93 crores over the 12 months and to Rs. 267½ crores since the beginning of the war. The latest trends are however much more encouraging than those figures would suggest. Our total receipts of loan money during the second half of 1942 amounted to over Rs. 73 crores, and in January 1943 to 11 crores. At the same time the net increase in our short term borrowings from the public by the sale of treasury bills during these seven months was Rs. 48 crores. Total borrowings thus averaged nearly Rs. 19 crores a month during that period.

43. While the aggregate support to public loans compares very favourably with the normal scale of public borrowing in India, as I observed last year, the call for a greatly increased transfer of purchasing power from the hands of the public to the Exchequer through the medium of loans has lost none of its cogency and has indeed been strikingly reinforced by subsequent developments. Apart from the greatly increased war expenditure in India, both on our account and that of His Majesty's and other allied Governments, for whom we have to find the rupee finance, the general economic situation resulting from war conditions makes it imperative for every citizen to defer private expenditure to the utmost of his capacity in the common interest and to transfer the investible surplus to Government in the form of loans. It may well be said that in the context of a war economy a public loan is " Twice blessed ; It blesseth him that gives and him that takes". To the State it spells an indispensable aid to victory while to the investor it means not only a precaution

against the perils and uncertainties of the transition from war to peace after victory has been gained, but also a potent preventive against the economic and social disorder which may arise from the uncontrolled exercise of purchasing power in relation to limited or diminishing stocks of consumable goods.

Even apart from these public reasons, and looking at the matter from the narrow individual point of view, investment in Government securities offers advantages provided by few other forms of investment in war time. With the vastly improved technique which has now been developed here as in England for controlling the securities market, risks of capital depreciation have been minimised to an extent which must cause astonishment to those who can remember the position in this respect during the last war. The fixation of minimum prices together with the organisation for maintaining them with the Central Bank's open market operations may be said to have placed security values beyond the range of the major fluctuations which the changing fortunes of war used to create in this market. Moreover, the war itself has taken a turn which reinforces and justifies the faith in ultimate victory that has always inspired the United Nations.

44. The expansion of the volume of recoverable war expenditure and purchases on behalf of His Majesty's Government and Allied Governments have continued throughout the year, although the net refunds by the Secretary of State which were estimated to be £164 million in all will fall somewhat short of the forecast, owing to the funding of Railway annuities and the acquisition of Railway Debenture Stocks. This should leave some £100 million of fresh accretions with the Reserve Bank, in addition to its own purchases from banks and on trade and other accounts.

45. The House is now familiar with the main features of our scheme of repatriating the sterling debt and I need not traverse again the ground covered in the last two budget speeches. The bulk of the payment in respect of the 2½ per cent. and 3 per cent. undated sterling loans, which I mentioned last year was effected in March last, the necessary sterling, amounting to £60 million being provided with ease by the Reserve Bank. No counterparts were created this time, as for the first tranche of the repatriation programme, and the entire rupee finance was raised in the first instance by means of ' ad hoc ' treasury bills issued in favour of the Reserve Bank. Subsequent stray lots of the vested stocks as well as the market purchases of the 3½ per cent. stock were financed from our balances, but for the last and final stage of redeeming £58½ million of the 3½ per cent. stock the rupee finance was again in the form of ' ad hoc ' treasury bills.

That some £300 million of sterling debt should have been repatriated since the outbreak of war, with so little disturbance

to the money market is a consummation for which the country may well feel gratified. The balance of sterling stock which fell beyond the scope of the vesting orders and which has not been surrendered in exercise of the option given to holders or which has not yet been redeemed owing to non-presentation of claims is only about £13 million. I know the House will join with me in acknowledging the assistance rendered in this momentous series of transactions by His Majesty's Government and in appreciating the co-operation of the Bank of England and the Reserve Bank in putting them through with smoothness and efficiency.

And here I must on behalf of the Government of India and myself pay a tribute to the immense personal services rendered by the late Sir James Taylor, whose sudden and untimely death a few days ago has been a bitter blow to all who have worked with him in the sphere of Indian finance, and whose sound judgment, ripe experience and loyal counsel could so ill be spared in these difficult times.

46. We have taken advantage of the large sterling balances still available after the repatriation of the sterling loans to fund our outside obligations in respect of Railway annuities by arrangement with His Majesty's Government and, with their co-operation once again, to repatriate Railway Stocks. In the former case we have funded a rather complicated series of Railway annuities by the payment of a lump sum of £30 million to His Majesty's Government, who have undertaken to provide the annual sums required for payment to the annuitants until their termination, the flat rate of interest taken as a fair basis for the arrangement on actuarial calculations being 2¼ per cent.

The vesting of Railway Debenture Stocks of the face value of £20 million has already been announced and notice has also been given of the redemption on the 4th February 1944 of three 3½ per cent. Debenture Stocks for which the vesting procedure would have been inappropriate as in the case of the 3½ per cent. undated sterling stock. The payment for the vested debentures will be made during the course of the current financial year. The rate at which sterling is accumulating with the Reserve Bank has not only enabled it to provide us with the sterling needed for our repatriation and other transactions, but left a surplus well above its reasonable reserve requirements.

47. And thus India has completed the transition from a debtor to a creditor country and extinguished within the brief space of about three years accumulations over decades of its public indebtedness to the United Kingdom. Apart from the immediate exchange gain of a substantial relief from the necessity of finding sterling annually for the payment of interest charges, a great deal could be said on the implications of this remarkable change in India's status. To deal adequately with that theme and

to attempt to prognosticate the role which India is destined to play in the post-war world, would carry me far beyond the limits of a budget speech.

As I observed last year the temporary revenue gain to the budget is of minor consequence, being conditioned by the progress of funding the floating rupee debt raised for financing repatriation. It is difficult to state with precision to what extent the funding of floating debt raised for the purpose of repatriation has been achieved, since borrowing of both temporary and permanent nature is resorted to for other purposes besides repatriation and Government's balances are also increased by the payment which the Reserve Bank makes from time to time for the " Rupee coin " that it takes over. The broad position may be said to be that of some Rs. 400 crores raised so far for financing the various repatriation and funding operations, only Rs. 160 crores may be regarded as being still in the form of Central Bank finance, since that is the amount by which the rupee securities held by the Reserve Bank as cover against its note issue exceed the corresponding figure at the outbreak of the war.

48. The question of the future utilisation of India's sterling balances is one which has attracted intense public interest in recent months and has been the subject of much speculation. It is a question which also naturally engages the continuous attention of the Government. Hitherto action has been concentrated on extinguishing as many as possible of our public sterling liabilities, and this is obviously the primary use to which surplus sterling assets should be put. With the virtual cessation of payments on interest account to external bond-holders, the only substantial liability still remaining on account of which sterling remittance would normally be necessary will be payments on account of sterling pensions, family pensions and provident funds. It is estimated that these charges in the period that lies ahead will be of the order of from £5 to £6 million a year. The Government of India have accordingly had under consideration a scheme for making advance provision for the requisite sterling remittance wherewith to meet future payments in respect of these liabilities on the lines of the arrangement recently made for sterling railway annuities. This would in effect involve the purchase from His Majesty's Government, by the investment of a capital sum at a suitable rate of interest, of the right to receive a series of sterling payments estimated to be sufficient to meet the relevant charges over the period during which they are likely to have to be met. These charges, and consequently the sterling remittance required to meet them, would naturally after a certain time gradually decline in amount until they disappeared, and the transaction might thus be described as the purchase of a tapering annuity. It is not contemplated that the rights of any class of Government servants would be affected, or that the

liability to pensioners should be transferred from the Government of India. The arrangement would be purely financial, and would amount to the investment of a capital sum in return for which the Government of India would at stated intervals receive stated sums of sterling with which they would be in a position, as far as can be estimated, to meet these sterling obligations. This investment would naturally provide a much more favourable rate of interest than that earned on the present investments in sterling treasury bills.

49. An arrangement of the nature just described would be capable of absorbing a considerable sterling sum, and would indeed be the equivalent of a large-scale repatriation. There would however still remain, as far as can be judged from the rate at which sterling is accruing, a substantial surplus above the amount which is likely to be required as a reserve against our currency note circulation. The Government of India are therefore at the same time considering the proposal, which has been made from several quarters, that something in the nature of a Reconstruction Fund should be constituted to provide for the financing of a programme of post-war reconstruction, including the rehabilitation and re-equipment of industry. It is clear that in the post-war period India will have heavy demands for imported machinery and plant to equip her greatly expanded industrial system, to re-equip her railways and to enable Provincial and State Governments to carry out schemes of electrification, irrigation and the like, which have had to remain in abeyance during the war. It may be taken for granted that it will be found necessary even after the end of the war to proceed on some orderly programme for the purchase of these capital goods from the producing countries. In this respect the position may well be found to be not greatly dissimilar from the present situation in regard to the procurement from overseas sources of the plant and equipment necessary for war production. The first essential would probably be a careful and comprehensive survey of India's requirements and the establishment of some order of priority upon which a programme could be drawn up. In so far as this programme depended on the ability of producing countries to release certain types of goods for export, it would clearly involve international co-operation, and in particular the assistance and co-operation of His Majesty's Government. The existence of such a Reconstruction Fund coupled with a concerted programme of requirements would place India in a favourable position to endeavour to secure the early fulfilment of her post-war needs and so enable her to go ahead with post-war reconstruction with the minimum of delay.

50. I turn now to a consideration of the general currency position and the problem that is exercising the minds of all of us. As the all round rise in prices resulting from complex and

interacting factors in war conditions tends progressively to lower the standard of living of every one, thoughts naturally turn more and more insistently to the causes of the trouble and possible remedies. Of late there have been a number of non-official communications to Government and pronouncements by economists, both professional and amateur, on this subject, according to which the source of the trouble is the arrangements in force for making rupee disbursements on behalf of His Majesty's Government and Allied Governments, and the currency machinery of the Reserve Bank is regarded as the conduit pipe of inflationary credit. I feel it necessary, therefore, to state certain broad conclusions in order that the problem may be viewed in the right perspective.

51. As in all discussions of this nature, a great deal depends on the point from which the initial approach is made. I would therefore make certain preliminary general observations. First, India's war effort has clearly not yet reached the ceiling of the maximum utilisation of available man-power and resources, and public expenditure on supplies, purchases, works, etc., still continues to promote the end in view, which is the defeat of the enemy and the safety of India. Secondly, in a common war effort the usual methods of settling international indebtedness in goods and services are not available and for a variety of reasons it is not possible to give play to the usual checks employed in order to adjust international trade relations, i.e., it is not possible to increase the volume of commercial imports or to adjust the trade balance by an upward movement in the rate of exchange. Thirdly, since disbursements must be made in Indian currency, the question of how war expenditure is allotted is irrelevant so far as the inflation aspect of the problem is concerned, although from the point of view of the final settlement it is, of course, of considerable importance. In other words, other things being equal, as for instance, the conditions governing the extent to which taxation and borrowing are feasible, the size of the sterling balances accumulating in India's favour has no direct bearing on the internal problem. Lastly, on the only assumption on which it is at all possible to deal with the problems of the future, namely, that the war will result in victory for the United Nations, and that both the United Kingdom and the Government of India will therefore be in a position to pursue sound financial policies, there is not the remotest risk of inflation of the nature and on the scale which occurred in some of the countries which suffered utter defeat in the last war. Without wishing to minimise the importance of the twin problem of sterling balances and inflation, I venture to suggest that on the above postulates we need not allow ourselves to take too pessimistic a view of the currency expansion that has taken place so far and that may be expected in the future.

52. So far as the accumulations of sterling are concerned, if regard is had to the identity of purpose of the United Nations, it seems to me that the only reasonable principle on which one could proceed is to ensure that indebtedness is not allowed to increase in one direction while there are set offs of existing indebtedness that can fairly and practically be made in the other direction. It is on this principle that His Majesty's Government and the Government of India have so far concerted measures for repatriating sterling debt and other public obligations of India expressed in sterling, and we shall continue to explore the scope for further action in the same direction. I cannot share the anxiety of those who appear to regard the surplus balances as almost in the nature of useless assets. Apart from their being available as a reserve wherewith to pay for the capital goods which the United Kingdom will be in a position to supply for India's industrial expansion and the replacement of machinery after the strain which will have been put on it during the period of the war, India's balances should enable her to trade as one of the principal commercial countries of the world and play a helpful part in building up a system of international trade such as would ensure a fair market for goods of export.

53. In my opinion some of the fear which is now expressed arises from a failure to distinguish between pure credit inflation and the temporary situation in which an increase in the volume of purchasing power impinges for a time on a stationary or diminishing volume of consumable goods. Here in India I think we can say with a clear conscience that the Government has at no time resorted to credit inflation. The easy expedient of borrowing from the Reserve Bank has not been adopted for making up the revenue deficits of governmental budgets or for augmenting governmental balances for the purpose of meeting disbursements. I have already referred to the *ad hoc* treasury bills through which repatriation has partially been financed, but I should not like the House to go away with the impression that this at any rate is credit inflation. That very definitely it is not. At no stage of the repatriation programme has there been any expansion of currency against the *ad hoc* treasury bills created. These treasury bills merely replace the sterling against which currency had already been expanded in the ordinary course in order to meet legitimate demands for the means for making cash payments, and the substitution merely amounts to a readjustment of the assets of the Reserve Bank's Issue Department. The true position surely is that here is a block of investment waiting to be taken up by the nation for which it has been acquired.

54. Owing to the inevitable imperfections of our economic statistics a quantitative determination of the phenomenon of inflation is even more difficult in this country than in the United

Kingdom or the United States of America. Without wishing to be dogmatic, however, I should like to draw attention to what appear to me to be the prevalent misconceptions on this subject. The first is that a general rise in prices must mean inflation and that it is caused by avoidable expansion of currency. To my mind this notion is the result of confusing cause and effect and misinterpreting the elementary fact that all the expansion and intensification of Government's war activities involves cash payments to an ever widening circle of recipients in return for labour and raw material or services. The alarums and excursions of war also tend to create varying preferences for settlement of claims in cash among sections of the public over methods customary in peace time and in other countries, e.g., by cheque, thus increasing the per capita cash requirements of a huge and expanding population. To stop issuing the currency which the public needs in such circumstances would simply mean a corresponding or even disproportionate curtailment of the whole war effort.

Moreover, not all the Government disbursements on war purposes necessarily or proportionately contribute to a rise in prices, even though Government's war effort curtails the production or import of civilian goods, as it is bound to do to some extent. That purchasing power may not all be employed for the purchase of such goods, and much depends on the rate at which money is being turned over in the process. Hoarded cash, for instance, exerts no pressure on prices. Similarly deposits in banks may have an effect on prices much smaller than their volume would suggest if their rate of turnover is slower than normal. That this is the case is shown by the ratio of average deposits of scheduled banks to banks clearings, which is 6.6 for the first 9 months of the current year against 15.6 in 1938-39. Both these are forms of a liquidity preference which, while it lasts, tempers the rise in prices.

In assessing the significance of a rise in prices it is also necessary to remind ourselves that we did not start from an optimum price-level and that the prices of many essential articles, particularly agricultural commodities, had been by general consent unduly depressed for years prior to the outbreak of hostilities and the problem had been not how to keep them from rising, but how to stimulate them. In any analysis of inflation on the basis of price indices allowance must therefore be made for the taking up of the slack. This is not to say, however, that any of us can afford to evade the problem or to allow what may not be a serious situation to-day to develop into one for lack of timely and vigilant action. It would be foolish to ignore the crux of the matter, which is that in the lopsided economic set up of a country at war free purchasing power is a potential source of danger.

55. That being so, I most earnestly deprecate loose talk and wild exaggeration in these matters : for they are the parents of panic buying and hoarding, and these in their turn benefit only the profiteer and the speculator. There is the most urgent need for economy in personal expenditure at the present time, not only because lavish expenditure will raise the level of prices, but also because of the need for conserving supplies of scarce materials for war purposes. After the war, when war-demands will inevitably have greatly shrunken, if not have vanished entirely and when the question of securing and maintaining the level of employment will have become more urgent, there will be ample justification for increased spending and it will then be a valuable safeguard against falling prices. During the war itself, there is an obvious alternative to private spending—an alternative, moreover, which most powerfully assists the war effort and greatly reduces the risks attaching to the increase in the volume of purchasing power, which, I may add, is characteristic of the situation in every part of the world and not of the Indian position alone. That alternative is investment in loans of the Government of India on the largest possible scale. A free flow of savings into Government loans will not only greatly ease the strain on Government finances, but it reduces competition for the greatly shrunken volume of consumers goods which is all that is now available. At the same time, it does not deprive the public of the opportunity ultimately of enjoying the fruit of present self-denial —in which respect it differs greatly from increased taxation. I am convinced that our sheet-anchor in the present emergency must be more and more borrowing.

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## RAILWAY BUDGET, 1942-43.

*Extract from the proceedings of a meeting of the Legislative Assembly, held in New Delhi on Monday, 15th February, 1943.*

### SPEECH OF THE WAR TRANSPORT MEMBER, THE HON'BLE SIR EDWARD BENTHALL.

Sir,—I have the honour to present the Railway Budget for 1943-44. In war-time, the success of railway operation must be measured not in rupees but in service. A year ago, my predecessor, Sir Andrew Clow, warned the House that there was little prospect of meeting more than a proportion of the demands made upon the railways, even if the tide of battle came no nearer our shores. Since then, not only has the tide of battle lapped our shores and thrown upon the railways much traffic which would normally have been seaborne, but the railways have had to face an organised, malicious and determined internal attack designed primarily to put them out of action and, on top of all this, a series of almost unprecedented floods and cyclones. Now that the

breaches have been repaired, I can safely tell the House that through traffic on no less than 3 lines of first class strategic importance was interrupted by nature for periods of 5 months, 4 months and 2½ months, respectively, and other serious delays have also been involved. Apart from these abnormal incidents, the difficulties of obtaining materials for maintenance of, and repairs to, track and rolling stock have owing to war conditions become progressively greater, while we are now feeling severely the absence of a number of our trained staff who have been released for military service and for war work in other departments. In the face of these factors it is only natural that the railways should have been severely strained in their effort to meet the increasing demands made upon them.

2. For the Army, we are running more than 400 special troop trains every month, and we estimate that in the current year we shall carry 15 million tons of military traffic compared with 500,000 tons in peace time. The average distance which this tonnage is carried is considerably greater than for public traffic. Included in this is a large volume of materials for the construction of airfields, which had to be transported swiftly and efficiently and the railway administrations can look with satisfaction to the part they have played in building up this large net-work of defence assets. The railways have provided a large number of vehicles, specialised and otherwise, including ambulance trains for use in India and on other fronts, and also a very large mileage of sidings and a number of locomotives and wagons for army depots, while 19,000 men in railway workshops have made a notable contribution on the munitions front. We have the assurance of the military authorities that the requirements of the Army have been met satisfactorily. The Army, on their part, have shown an enthusiasm for co-operation, which has materially eased the problem of superimposing this vast military traffic upon an already extended civilian demand, and it is hardly necessary to add that we shall neglect nothing to render efficient service to them, whatever burdens the future may lay upon us.

3. As regards civilian goods traffic, we are, of course, carrying very little indeed of what can be called luxury traffic. Practically everything carried on the railways is, under the priority system of direct or indirect value to the war effort. It has been the subject of comment that we are loading fewer wagons daily this year than last and at first sight this is difficult to reconcile with the increased earnings. But while the number of wagons loaded has decreased the ton mileage has, on the whole, been well maintained. The wagons loaded have therefore for a variety of reasons been carried greater distances. The average wagon load has increased and the policy of curtailing short distance traffic has resulted in a reduction in the time spent in loading

and unloading and has therefore added to the earning power of the wagon. The smaller loadings of coal, which is, of course, a low rated commodity, has meant that a larger quantity of higher rated traffic has been moved. But this is not a matter of particular gratification to the railways since the movement of coal is a matter of first importance, and the supply of wagons to the collieries is at all times one of the major preoccupations of the railway administrations. The broad fact is, however, that the railways have succeeded, in the difficult circumstances described in my opening remarks, in maintaining the life of the country, whilst meeting the demands of the military and of every essential industry. We are grateful to those merchants and industrialists, particularly of the larger organised industries, who, by programming and strict attention to wagon economy, have played their part in this result.

4. When it comes to passengers, statistics show that, in spite of the vigorous campaign to induce passengers to travel only when they must, there was an increase of 3,000 million passenger miles last year, as compared with 1938-39, while this year these figures have been exceeded. Reductions in passenger train services amount to a saving in train miles of approximately 37 per cent. of the pre-war figure, and this curtailment has been necessary to provide for military and goods traffic and to conserve coal stocks. I can offer no hope at all of any improved comfort or speed in passenger travel so long as such priority demands continue, but, if it is any solace to passengers in this country, I may mention that I was informed recently by a prominent American railway official that in the United States passenger trains are on certain lines subject to as great delays as in present-day India.

*Staff.*

5. Although, therefore the system has creaked again and again, it has stood the strain. Essential traffic has been moved, In this achievement, there is one fact which cannot be too freely recognised. This vast organisation covering in the State-owned railways a larger mileage and a larger staff than any single railway administration in the world is not a soulless machine, but a thing of flesh and blood. Seven hundred and fifty-eight thousand persons, 99.7 per cent. of them Indians and Anglo-Indians, eat the salt of the Indian railways, and it is their loyalty to their work which enables the people to be fed, the factories to operate and the services to function. Inspired by the example of their officers, no less than 126,000 of them in the danger areas have voluntarily enrolled in the Defence of India Railway Force. In Assam, East Bengal and Calcutta they have had their first taste of bombing and, fortified by the excellent arrangements made

for their security through the A. R. P. organisation of the railways, have carried on. Under what we must all recognise to have been the most difficult conditions of all during the open rebellion of last autumn, they were almost to a single man true to their salt. They have therefore deserved well of India. The thousands of railway workers who have made a special effort this year and whose work cannot all receive individual recognition, will be glad at least to know that it has been appreciated by the Government of India and by this House. I am sure, therefore, that the House will join me in offering sincere and hearty congratulations to Sir Leonard Wilson, the Railway Board and the officers and men of the railways, from General Manager to gangman, on a splendid year's work.

6. Good though the record is, we have to ask more of them before we can put this nightmare of war behind us. We have yet to load more wagons, speed up the traffic, and eliminate delays to a far greater extent than heretofore. If we are to do this, it is our duty to see that the workers are properly cared for in these difficult times and that nothing that is fair shall be left undone to mitigate their hardships. In addition to a dearness allowance, numerous other arrangements have been made to assist them, such as family evacuation concessions and allotments, emergency allowances, educational concessions, war injury relief and so on. Increased money payments help, but what is of importance to staff to-day is not so much money but what money can buy, and above all, the necessaries of life such as foodstuffs, clothing, kerosene and fuel, which, mainly on account of sheer hoarding or profiteering, have become so costly and difficult to obtain. The grant of additional dearness allowance will be of no avail if the articles are not forthcoming.

7. There are two ways of dealing with this problem, either to continue to give the lower paid staff increased dearness allowance to meet the rising cost of living, or to see that the rise in the cost of living of the railwayman is, as far as possible, stabilised by ensuring that the necessaries of life are made available to him at reasonable prices. On the railways we are combining the two courses. We have given a dearness allowance and we have opened grain shops. It is our policy to supply through these shops, on an increasing scale, not only food grains but also other necessaries of life at prices which will go far to stabilise the cost of living of the workers, the difference between these prices and the actual cost being borne by railways. This will not only afford some relief to the class of workers to whom dearness allowance does not apply but,—and this is a matter of supreme importance,—by creating a check on the rising spiral of wages and prices in one important sphere, will tend to retard the process of inflation in the country as a whole. The organisation necessary

cannot, of course, be conjured up in a night but all railway administrations have been asked to treat this matter as one of urgency. On some railways a good beginning has already been made, and it is hoped that the effects will make themselves felt shortly over a wide area. In the meantime special arrangements have been made to secure priority for the necessary supplies of food grains.

*Rolling Stock.*

8. If, however, we are to continue to meet in future the high level of demand which is made on railway transport, we must have material to help the human effort. A large programme of wagon construction in India is in hand, and none too soon. The augmentation of our broad gauge stock is a matter of increasing urgency. So far, we have placed orders for 9,973 broad gauge wagons, of which we have received 265 and expect to receive about 6,207 by end of 1943-44. Of metre gauge wagons we have ordered 736, all of which we expect to get. Pressure has been maintained on the Governments of the United Kingdom and the United States for the supply of broad gauge locomotives and, although some of the outstanding orders on England have been suspended, arrangements have now been made for the supply of 40 heavy goods engines from America. Deliveries of these are expected to commence in June, 1943. Indian railways are also to receive 12 metre gauge heavy goods engines from England and 80 from America. It is hoped that the 40 heavy goods engines for the broad gauge will be followed by 145 more goods engines but the date, when these may be expected, has yet to be settled. It has been requested that arrangements be made for the supply of a further 150 broad gauge locomotives during 1944. The House will be interested to know that plans are already actively being prepared to set up a locomotive construction shop in India during the war if physically possible, although this is unlikely owing to the difficulty of securing the plant and raw material, and, if not, as part of the immediate post-war reconstruction plan. Special attention is being given to locomotive repair, in order to secure that the maximum number of locomotives are at work on the line at any given time. The target of engines under and awaiting repair at which we aim, is 4 per cent in shops and 8 per cent. in sheds, or a total of 12 per cent., a figure which the L. M. & S. Railway in England attains. Our latest figures show a percentage of 16.5 on the broad gauge and 13.6 on the metre gauge against an overall figure in the United Kingdom of 15.46 per cent. Since some of the railways already show very creditable figures, further improvement will have to come mainly from those with the highest percentage of locomotives under and awaiting repair. In order to make it possible for the railways to achieve this, it may be necessary to take back certain of the locomotive repair shops hitherto diverted to the production of war material.

In the meantime, locomotives are constantly being transferred from one line to another as traffic demands.

*Transport of Food.*

9. At the moment, the question of food supply is uppermost in the public mind. But we are not facing any new situation. The railways and the departments of Government concerned with food had precisely the same problem to face during and after the last war with this difference that in 1918-19 there was a failure of the harvests to the extent of 20 million tons. This time the actual shortage of foodstuffs in the country is not of large dimensions but the effect of the comparatively small shortage which exists, combined with serious maldistribution, raises a serious problem. In the first six months of the current year the railways transported approximately the same tonnage of grains and pulses as in the previous year, over 5 million tons. Movements of sugar and salt by rail were in considerable excess of the previous year. The Railway Board have been alive to the urgency of the problem of transport of essential food supplies for civil population and, in close consultation with the Priorities Organisation of the War Transport Department, have for the last six months been giving special priority to the movement of foodstuffs. Generally speaking, whenever foodstuffs have been offered for transport, they have been moved without undue delay. Particular attention has for some time been given to the expediting of special consignments to deficiency areas and this will continue. So long as the need arises, foodstuffs will be moved in high priority, and if bumper *rabi* crops eventuate as seems reasonably likely, and if confidence is restored, the railways must be prepared to meet exceptionally heavy grain movements which will tax their resources severely. But in all events the food will be transported.

10. I will now turn to financial results, as achieved last year and as far as we can now foresee for this and the next year.

*Accounts for* 1941-42.

When presenting the current year's budget, my predecessor estimated that the year 1941-42 would end with a surplus of 26.20 crores, out of which 19.12 crores were to go to general revenues. In the event, the actual receipts proved to be much better, and this in spite of the railways having reduced their passenger services and undertaken publicity to discourage travel. Our earnings reached an unexpectedly high level in the last quarter of 1941-42, and the gross receipts for the year were 2.27 crores above our revised estimate. Our ordinary working expenses were 36 lakhs more, and payments to worked lines 16 lakhs more. The net miscellaneous receipts were 4 lakhs less, but a slight reduction in the rate gave us a saving of 17 lakhs under interest charges. In the net result, the surplus was 28.08 crores, out of

which 20.17 crores were paid to general revenues, 4.80 on account of the 1 per cent. contribution for the year and 15.37 towards payment of arrears of contribution. The railways' share of the surplus, 7.91 crores, was devoted to repayment of the debt to the depreciation fund.

*Revised estimate for* 1942-43.

11. In February last, when my predecessor presented the budget for the current year, he placed the estimate of gross traffic receipts for this year at 130.27 crores. This estimate too, is likely to be greatly exceeded. The anticipations now are that the receipts will be 149.25 crores, i.e., 18.98 crores more, which means improvement over last year of 14 crores. This large increase has occurred again in spite of the publicity campaign against unnecessary travel, reduced passenger services to conserve stocks of coal, and considerable curtailment of non-essential goods traffic. The causes are increase in military traffic and upper class passengers, withdrawal of reduced rates and third class fares quoted by certain railways in the past to meet road competition, increase in the basis of fares on the North Western and East Indian Railways, withdrawal of concession fares, additional charge on parcels and luggage, involving an increase from 2 annas to 4 annas in the rupee, withdrawal of special goods rates, imposition of additional charge of 12½ per cent. on fodder and food grains booked in small consignments. The increase in earnings has been almost continuous, though varying in extent, practically from the beginning of the year, except during the periods affected by political disturbance and widespread sabotage, when the decrease occurred only in goods traffic. Taking goods and coaching together, our monthly earnings have never been below those for the previous year.

12. While we expect our gross traffic receipts to exceed the original estimate by 19 crores, we expect our ordinary working expenses to be 10.84 crores more than we originally estimated. This increase is due to the dearness allowance sanctioned at enhanced rates and for a larger number of our staff with effect from the 15th June 1942, loss incurred in supplying food-grains to staff at less than purchase price, increased consumption and cost of fuel, air-raid precautions, militarisation of the Bengal and Assam and certain sections of the East Indian, Bengal Nagpur, Madras and Southern Mahratta and South Indian Railways, additional staff, overtime allowance, additional expenditure on repairs caused by intensive use of rolling stock, rise in prices and repairs to damages due to floods, cyclones, and sabotage and preventive measures against sabotage. The scheme of dearness allowance sanctioned in August 1942 is estimated to cost 5 crores a year.

13. Payments to worked lines will be 20 lakhs more than our original estimate, while there will be a small saving of 5 lakhs in the appropriation to the depreciation fund. The miscellaneous transactions show an improvement of 15 lakhs while, on account of a slight reduction in rate, our interest charges will be 19 lakhs less. As the net result of all these causes, we expect now the current year to close with a surplus of 36.28 crores against the original estimate of 27.95 crores. In the budget, we provided for a payment of 20.13 crores to general revenues against the then expected liability of 18.82. Owing to a larger payment in 1941-42 than we originally expected to make, the liability to general revenues for the current year has been reduced to 17.77 crores. But, with the unprecedented surplus which we are expecting now and which we should attribute in a large measure to traffic connected with the war, Government consider that the general tax-payer has a legitimate claim to the full relief originally expected. We have accordingly decided, subject to the approval of the House, that the payment to general revenues should be the original figure of 20.13 crores. This will involve seeking the approval of this House to the outright payment of an extra-conventional amount of 2.36 crores to general revenues, to bring the total contribution to 20.13 crores. The railways' share will then be 16.15 crores, of which we shall devote 16.08 crores to repayment of debt to the depreciation fund and the balance, which is very small, to the railway reserve. With these payments, all the outstanding liabilities to general revenues for arrear contribution and to the depreciation fund for loans taken in the past to meet deficits will be fully cleared, if the transaction which I am about to propose is approved.

It is worth noting that, for the first time in the history of the railways, the strategic lines are likely to show a profit which is estimated at 29 lakhs.

14. In 1940-41, when, with the moratorium, we divided the surplus in a particular manner with the approval of this House between general revenues and railways, the amount falling to the share of railways was credited to their general reserve. Last year, with the approval of this House, all payments made to general revenues from railway surplus, since the declaration of the moratorium, over and above 1 per cent. contribution of the year concerned, were treated as discharge of the liability for arrear contribution due to them. A logical corollary to this is that the allocations from surplus, which fell to railways' share, should be similarly treated as repayment of debt to the depreciation fund. Government have therefore decided that the sum of 6.30 crores, credited to railway reserve in 1940-41, should now be transferred to the depreciation fund. This amount, along with the 16.08 crores I have mentioned above, will clear the present

outstanding debt of 22.38 crores to the depreciation fund. If the anticipated surplus does not materialise, any liability which may remain uncleared, will be a first charge on the next year's surplus. On the contrary, if the year closes with a larger surplus, the excess will go to the railway reserve.

*Estimates for* 1943-44.

15. Ever since the outbreak of the war our actual earnings have considerably exceeded our estimates because of factors which we could not possibly anticipate. It would seem that railways have approached their maximum carrying capacity, though it may not be beyond the powers of the railwaymen to get even more out of the existing equipment, if everything were to go with perfect smoothness. To base estimates on any substantial further increase would, in our view, be unwise. On the contrary, should there be any reduction of internal activity or of imports, the current year's figures might not be reached by many crores. After weighing all the factors and taking into consideration 40 lakhs for the extra day in February, 1944, which will be a leap year, we have decided to place the estimate for 1943-44 at a figure slightly above our revised estimate for the current year, that is, at the round figure of Rs. 150 crores, fully conscious that any estimate that we make must be highly speculative under war conditions. Before leaving the subject of receipts, it is proper to mention that we are not contemplating any general change in the existing fares and freights next year.

16. Coming now to ordinary working expenses for the next year, we place the estimate at 2.58 crores more than this year's revised estimate, mainly on account of the loss we anticipate next year in supplying food grains and other necessaries to the staff at less than purchase price. Increases and decreases under other heads balance each other, including a large increase in the cost of coal. There is a slight increase under appropriation to the depreciation fund owing to the purchase of the Bengal and North-Western and Rohilkund and Kumaon Railways. For the same reason mainly, we expect to have to pay 1.22 crores less to worked lines, while, on account of the increase in our depreciation and railway reserve fund balances, our miscellaneous receipts are expected to be 46 lakhs more. We shall also save 17 lakhs under interest charges.

In the result, our net surplus is estimated at 36.04 crores, only 24 lakhs below the current year's surplus. The surplus of commercial lines is estimated at 35.75 crores and of strategic lines at 29 lakhs.

*The division of the surplus.*

17. I have already explained to the House that, according to our present anticipations, railways will, by the end of this year, have completely cleared their liabilities to general revenues

and to the depreciation fund. Under the existing Convention, the distribution of the next year's estimated surplus of 36.04 crores will be 14.59 crores to general revenues and 21.45 crores to railway reserve. Such an apportionment to general revenues will not only fall short of the amounts which they have received in the recent past, but will, in the opinion of Government, give inadequate relief to the general tax-payer in the present situation. We are, therefore, proposing, subject to the approval of the House, to abandon so much of the existing separation convention as provides for contribution and allocation of surplus to general revenues and to distribute the estimated surplus of 1943-44 on commercial lines between general revenues and railways in the proportion of 3 to 1, general revenues receiving also the anticipated gain on strategic lines. Under this proposal, the share of surplus which will go to general revenues next year, including the profit on strategic lines, will be 27.10 crores, while 8.94 crores will be transferred to railway reserve. We further propose that, till a new convention is adopted, the distribution of each year's surplus should be decided after duly weighing the respective needs of general revenues and railways, and the proportion of 3 to 1 must not be regarded as setting a precedent for future years.

18. In considering the proposed allocation of surplus, we have had to bear in mind two conflicting interests, the necessity of building up railway reserves and the need for assisting general revenues from railway surplus which, after all, has accrued largely out of the expenditure of the general budget. Even if the Acworth Committee had not passed stringent comments upon the policy followed in the last war, the dictates of common business prudence, based on the experience of the last two decades, would impel us to take steps now to place railway finances upon a sound footing. It is also a duty which we owe to our successors, who in any case will be faced with extremely difficult conditions in the post-war period. The main question is whether the proposed allocations to railway reserves are adequate. In an attempt to assist general revenues, are we being generous at the expense of railways ? On the one hand, we must consider particularly the provision of adequate funds to cover post-war rehabilitation and to meet our interest charges in periods of depression and, on the other, the plight of the general tax-payer. I am of the opinion that the measures, which we are proposing now, represent, for the present, a reasonable mean between the claims of railway and general finance.

19. Two vital considerations have weighed with the Railway Department in agreeing to the proposed method of allocation of surplus for the present. First, in the opinion of the department, it would be, from a financial point of view, thoroughly

unsound to allocate such a large percentage of railway surplus to general revenues unless railways are relieved of the burden of a fixed contribution which, under the existing convention, is hanging over their heads, regardless of whether a surplus is actually earned or not. It is hoped that this wholesome principle will be fully recognised in any future revision of the convention approved by the House. Secondly, for the reasons which were so ably expounded by Sir Frederick James and other members of the Assembly in the Budget session last year, the Railway Department consider that the canons of sound railway finance dictate that, apart from contributions to the Depreciation Fund at least 8 crores per annum should be set aside annually to railway reserves.

*Resolution regarding the Convention of* 1924.

20. If the House accepts in principle the proposed allocation of the surpluses in the current year and in 1943-44, it will be necessary for the House to pass a resolution, setting aside certain terms of the Convention of 1924 to enable general revenues to be credited with an additional Rs. 2.36 crores in the current year and with 75 per cent. of the surplus on commercial lines in 1943-44. A draft resolution for this purpose, of which I am giving notice to-day, will accordingly be laid before the House shortly.

21. Experience, since 1924, has shown that the Separation Resolution of 1924 has not achieved its object in certain important respects. It is true that, in the first 5 years of the Convention's life, the railways earned a sufficient surplus to pay the fixed contribution to general revenues and to accumulate a reserve of 18.43 crores, but the deplorable effect of the settlement on railway finances is shown by the fact that, at the end of 1939-40, no less than 17.96 crores had been drawn from the reserve, the contribution to general revenues had fallen into arrears to the extent of 35.71 crores, and loans, aggregating 30.29 crores, had been taken from the depreciation fund to meet interest charges. It is not unfair to say that the failure to adopt a sound financial policy had brought railway finances into a most parlous position, from which they have only been rescued, for the present, by the abnormal conditions of a world war. Equally, the Convention has failed in war time, since it has been necessary to introduce a moratorium from time to time in order to secure that general revenues might receive an extra share of the surpluses, which undoubtedly arise to a large extent from the expenditure incurred from general revenues.

22. It is proposed therefore at this juncture when for the first time for many years railway finances may be described as straight, to take the initial step towards a fresh settlement

by setting aside so much of the 1924 Convention as relates to contribution and apportionment of surplus to general revenues and providing for *ad hoc* settlements in each year until the House has decided upon a revised Convention. From 1943-44, therefore, it is proposed that, until a new convention is adopted by the Assembly, the allocation of the surplus on commercial lines between the railway and general revenues shall be decided by the House each year on consideration of the needs of the railways and general revenues, the latter being also credited, or debited, with the gain, or loss, on strategic lines.

23. It may be asked why Government propose to abolish the relative clauses of the Convention instead of merely suspending them for the time being. I have already given the answer when dealing with the division of the 1943-44 surplus. If the railways are to contribute generously to general revenues during the war crisis, it is essential that they should be freed from the burden of a convention which involves contributions to general revenues, even if there is no surplus. For this reason, a mere suspension would be an unsatisfactory expedient and would obviously necessitate larger amounts being set aside as railway reserve in the present prosperous times in order to meet contingent liabilities which are almost certain to accrue in the future.

24. I should perhaps make two other points clear at this stage. First, it is not intended to set aside any terms of the convention other than those relating to contribution and apportionment of surplus although, when the time comes, the House will doubtless wish to review the convention as a whole. Secondly, it is not proposed that the House should be asked immediately to consider the terms of a new convention, since it would not be appropriate to undertake this very important and arduous task, until it is possible to foresee, with greater certainty than is possible during a world upheaval like the present, the future trend of railway earnings, while the House and the public generally will certainly wish for ample time to consider all the implications. The policy proposed for the war period is designed to provide a flexible arrangement which, while relieving the railways of the necessity of making heavy provision out of the surpluses of prosperous times to meet future fixed contributions to general revenues, will enable them to make some substantial provision to meet post-war contingencies and, at the same time, make large contributions, when most needed, to general revenues for the benefit of the tax-payer. The general effect of the proposal is to relieve the railway of what amounts to a kind of debenture charge, which has weighed very onerously indeed on railways during bad times, and to enable general revenues to participate more liberally in the equity profits of the business during prosperous times. Government therefore confidently recommend this settlement to the House.

*Capital and depreciation fund position.*

25. The dismantlement of branch lines in connection with war requirements practically came to a close last year. Only 42 miles of track have been lifted this year, but a fair amount of rolling stock was sent overseas. The reduction in our capital from these transactions will be over 2 crores.

26. Our fresh capital expenditure on existing open lines is estimated at 3½ crores. We have, in addition, purchased the Mirpurkhas Khadro, Tapti Valley, Bengal and North Western and Rohilkund and Kumaon Railways, at a total cost of 19.92 crores, out of which 4½ crores representing the balance of the price of the Bengal and North Western Railway and Rohilkund and Kumaon Railways will be paid next year. We have also reduced our capital by 43 lakhs by allowing the Baroda Government one-fourth financial interest in the Tapti Valley Railway. They had been holding shares, representing one-fourth of the total share capital in the Tapti Valley Railway Company from the time the line was constructed, and one-fourth of the line passes through the Baroda territory. We have also sold to them, purely for administrative reasons, 72 miles of a narrow gauge branch line of the Bombay Baroda and Central India Railway, from Broach to Jambusar, with branches to Kavi and Dahej, for 23½ lakhs. The result of all these transactions is a net addition of 15½ crores to the capital at charge. The expenditure from the depreciation fund is 5 crores.

27. For the next year, our programme does not provide for either the construction, or the purchase, of any line or for any dismantlement but only for the payment of the balance of the purchase price of the Bengal and North Western and Rohilkund and Kumaon Railways. The rest of the capital expenditure will be on rolling stock and open line works, the most important of which will be locomotives and boilers (8 crores), wagons (3½ crores), carriages (1 crore) and track renewals (5¾ crores). On the whole, we expect to spend 24 crores, 11 from the depreciation fund and 13 crores from capital.

*Depreciation Fund.*

28. The balance in the depreciation fund at the end of 1941-42 was 51.84 crores, and the outstanding debt which railways still owed to the fund, was 22.38 crores. During the year 1942-43 all this debt will have been repaid, and there will be a further accretion to the fund of 7.97 crores. The balance in the fund at the end of the year will be 82.19 crores. During 1943-44 the appropriation to the fund will be 12.84, and withdrawals 11 crores, resulting in an accretion of 1.84 and raising the balance in the fund to 84.03 crores.

*Conclusion.*

29. The foregoing review discloses an unparalleled activity and prosperity on the railways. The prosperity is illusory but, although critics will give the railways little credit for it, I would remind the House that it has been earned not as in other industries by a heavy increase in the price of what we offer, transport, but mainly by making the best of available equipment. As I said at the beginning of my speech, in war-time it is not the profits but the service rendered which must be the measure of success in railway operation. In the coming year, I pray, to use Mr. Churchill's words, that the railwaymen may escape blood and tears but, come what may, we will dedicate ourselves to another year of sweat and toil in the service of the nation and to the cause of Victory.

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## Rules and Regulations for the Measurement for tonnage of Cotton and other Goods in Bales or packages, under the orders of the Bombay Chamber of Commerce.

(*Adopted at a Special General Meeting of the Chamber, held on the 24th September* 1924.)

I. Whereas it is expedient to collate and amend the Rules and Regulations for the measurement of goods.

II. All such Rules and Regulations hitherto in force are hereby rescinded and the following are substituted therefor.

III. In the following Rules and Regulations and in any Orders that may from time to time be issued by the General Committee of the Chamber of Commerce under Rule XVII—

(*a*) Measurer shall mean a measurer appointed by the Committee of the Chamber of Commerce for the purposes of these rules.

(*b*) Measurement shall mean measurement by such measurer.

(*c*) Shipper shall mean the person shipping the goods or his representative.

(*d*) Quay shall mean a place in the Docks or at one of the Bunders recognized for the regular shipment of goods.

(*e*) Vessel shall mean a vessel propelled by sail or steam and not being used for the conveyance of goods from the Quay to another vessel in the Port of Bombay.

(*f*) Boat shall mean a vessel, lighter or craft used for the conveyance of goods from the Quay to a vessel in the Port of Bombay.

(*g*) Package shall mean a bale, case, barrel, cask, bag or other receptacle subject to measurement.

(*h*) Consignment shall mean the whole quantity of one commodity subject to measurement to be shipped by one shipper in one vessel.

(*i*) Lot shall mean a package or number of packages forming part of a consignment and presented by one shipper at one time for measurement.

IV. Public Measurers shall be appointed under the authority of the Chamber of Commerce and stationed at the different quays to measure packages.

V. Fees, the amount of which shall from time to time be fixed under the Orders of the General Committee of the Chamber of Commerce, shall be levied in accordance with such Orders on all goods presented for measurement.

VI. No measurement shall be held good except such as are taken by a Measurer and with instruments bearing the stamp of the Chamber of Commerce.

VII. Such instruments shall be supplied and issued to the Measurers by the Chamber of Commerce.

VIII. All instruments shall be submitted to the Secretary of the Chamber of Commerce at intervals to be prescribed by the Committee and a register of such inspections shall be kept.

IX. Measurers shall be responsible for the good order of their instruments and for the prompt return to the Secretary of the Chamber of such as are defective or doubtful.

X. The Chamber's stamp borne by instruments that are found by the Secretary to be defective shall be by him defaced.

XI. Instruments on which the Chamber's stamp has been defaced may be re-stamped under the directions of the Secretary when they are in good order.

XII. Certificates of measurements shall be issued to shippers and/or to Ship Agents in such form and in such manner as the Committee for the time being shall from time to time provide.

XIII. Provided always that the Measurer may withhold or recall such certificate on his having reasonable cause to believe that an irregularity in the matter of shipment has been or is

being committed in respect of the goods to which such certificate relates.

XIV. The goods measured shall be alongside the vessel within thirty-six hours after measurement, weather permitting or the certificate shall be void and the packages shall be re-measured on board, written notice being given by the owner, agent or master of the ship to the Shipper and to the Measurer, respectively.

XV. Shippers shall as far as possible see that their goods are so arranged for measurement as not to retard the work of the Measurers.

XVI. The salaries of the Measurers, and all other expense connected with this system of measurement shall be paid by the Chamber of Commerce from the Fee Fund raised under these Rules.

XVII. The Committee of the Chamber of Commerce are hereby authorized to appoint and maintain such staff of Measurers and Assistants, to fix and to pay such salaries to that staff, to fix and to collect such fees, to issue and from time to time to modify such orders, and to do all other such acts and things as may in their opinion be necessary for the proper and economical working of the system in conformity with the general principles herein laid down.

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## Orders for the Conduct of Measurement of Goods for Tonnage by Public Measurers in the Port of Bombay.

*(Issued by the Committee of the Bombay Chamber of Commerce in pursuance of Section XVII of the Rules and Regulations adopted at a Special General Meeting of the Chamber held on the 24th September, 1924.)*

(1) All Orders hitherto in force for the governance of Measurers are hereby rescinded and the following are substituted.

(2) The Measurers shall be in attendance on the Quays to which they are appointed whenever there are goods to be measured. During the busy season Measurers are expected to be on duty early and late.

(3) All Measurement Fees shall be paid to the Measurement Fee Clerk, and no goods shall be measured without the production of the Customs House Pass bearing the endorsement of the said clerk to the effect that the fees have been paid.

(4) The certificates of measurements issued in conformity with Rule XII shall show—

(*a*) the date, hour and place of measurement;

(*b*) the name of the shipper;

(*c*) the name of the vessel;

(*d*) the port of destination;

(*e*) the number and description of packages;

(*f*) the marks;

(*g*) the measurement;

and in the case of goods shipped by boat—

(*h*) the registered number of the boat;

(*i*) the name of the tindal.

The certificates of measurement shall be issued by the Measurers and shall in every case be signed by the Measurer who measured the goods.

(5) The whole of the packages forming a consignment of not more than thirty-two packages must be deposited on the Quay before measurement is taken.

(6) Consignments of more than thirty-two packages may be presented for measurement in lots of not less than thirty-two packages provided always that each lot, as soon as it is measured, is loaded into boats or shipped and that no unmeasured lot is mixed with a measured lot. Provided also that a final lot of less than thirty-two packages, being the complement of a consignment of more than thirty-two packages, may be measured separately.

(7) Shippers failing to have each lot as soon as measured loaded into boats or shipped; or shippers mixing unmeasured goods with measured goods or permitting them to be mixed; or shippers retarding the work of the Department by failing to move with reasonable promptitude the bales required by the Measurer to be moved for the proper performance of his duties; or shippers attempting to elude these regulations, any such persons or their representatives may be required by the Measurer to deposit on the Quay the whole complement of their consignment before measurement is taken. In all cases when such requisition is made, the Measurer making it shall briefly report in writing to the Secretary the name of the shipper against whom, the goods in respect of which and the reason for which, it has been made.

(8) A Measurer withholding or recalling a certificate under Section XIII of the Rules and Regulations adopted on the 24th

September 1924 shall likewise briefly report to the Secretary in writing.

(9) No goods shall be measured otherwise than on a Quay excepting under the special conditions contemplated under Rule XIV and Order 22.

(10) Each and every package in a lot of packages not of uniform dimensions shall be measured individually. This Rule shall not apply to lots of pressed bales from various presses if the shipper arrange such diverse bales according to their respective dimensions separately on the Quay.

(11) In regard to packages of uniform dimensions the Measurer shall use his judgment as to the proportion of such goods he should measure; but such proportion shall in no case be less than five per centum of each lot. Care must be taken by the Measurers that they are not induced to measure packages that do not fairly represent the average.

(12) In no case shall a shipper's man or men be allowed to put the callipers on a package. A peon of the Chamber holding the callipers may, when standing exactly in front, pull them tight with his hands but not when standing on one side, nor shall he ever be allowed to pull the callipers towards his chest or side or to put his shoulder to them.

(13) In measurement for length, care must be taken that the legs of the callipers touch the ground and that bales when being measured lie in the same position as when in the press. Measurement of bales for depth and breadth shall be taken on the ends, half the number of bales being measured on the marked end and half on the other end.

(14) Measurers when measuring pressed bales shall ascertain whether all are from one press or not, and under orders (10) and (11) of these orders shall further ascertain how many bales there are from each press and shall give measurement accordingly and show on the certificate the number of bales to which each measurement relates.

(15) In cases where the shipper shall hand to the Measurer a letter from the owner, agent or master of the vessel authorising the Measurer to accept for measurement and calculation of average such packages as the said shipper may reserve for such measurement, the Measurer shall measure the packages so reserved and give a certificate on the basis of their measurement, provided that such packages represent not less than five per centum of the entire consignment.

(16) The scale of measurement fees leviable under Rules V and XVII shall be as follows :—

(*a*) On Cotton, Wool, Hemp, Aloe Fibre, Twist (white and coloured), Rags, and waste in pressed bales—pies 6 per bale.

(*b*) On Round Timber or Logs—each annas 8.

(*c*) On Gunny bales from Calcutta, Hide and Skins, Piecegoods, and all goods not included under (*a*) and (*b*), packages of divers dimensions—annas 2 per package.

Subject to a rebate of anna one per package on the Measurer's certifying that the lot measured consisted of not less than 50 packages all of uniform dimensions.

(*d*) On goods of any description measured on board a vessel—annas 2 per package.

(*e*) When the work of the Department admits of such an arrangement, the exclusive services of a Measurer for a day may be secured on payment to the Secretary of a fee of Rs. 10.

(*f*) The attendance of a Measurer on a Sunday or one of the Charter-Party Holidays when the Docks are closed may be secured on application to the Secretary, accompanied by the sum of Rs. 15 which shall be paid by him to the Measurer appointed by him to attend. The fee of Rs. 15 shall cover the services of one Measurer for one ship. If two Measurers are applied for two fees of Rs. 15 must be paid at the time of application. If a Measurer is required to work on more than one steamer a separate fee of Rs. 15 must be in respect of each steamer.

(*g*) The attendance of a Measurer for night duty may be secured in the same manner as above.

(17) All disputes as to the applicability of Order 16 (*d*) under Rule XIV shall be referred to the Weather Working Days Committee of the Chamber and the decision of that Committee shall be final. With respect to Order 16 (*d*) a refund of pies 6 per package will be made on declaration of the said Committee, remitted on the invitation of the claimant that the state of the weather during the thirty-six hours of grace allowed had been such as to justify the shipper's delay in bringing the goods alongside.

(18) Refund of measurement fees in full shall be made in respect of a consignment or portion of a consignment shut out after measurement.

(19) In respect of Round Timber and Logs, the measurement to be certified, in accordance with Order 4 (*g*), shall be as follows :—

Length in feet and inches : As found with tape.

Breadth : The mean of two measurements taken with callipers at thickest and thinnest portions.

Depth : The mean of two measurements taken with callipers at thickest and thinnest portions.

The certificate shall also show under Order 4 (*a*) not only the time at which the work of measurement was commenced, but the time at which it was completed. On application to the Secretary supported by evidence of time as here provided refund will be made of the difference between the fee as prescribed under Order (16) (*b*), and a charge of Rupees Two for every hour or part of an hour actually occupied in measurement.

(20) Refund of Measurement Fees shall not be made for any sum less than three Rupees.

(21) All claims for Refund of Measurement Fees shall be made to the Secretary of the Chamber of Commerce who shall allow or disallow such claims in conformity with these Orders, but no claim for Refund of Measurement Fees shall be allowed unless presented within one month from the date of the sailing of the vessel concerned.

(22) Each Measurer shall keep a Dispute Book and it shall be competent for any shipper or the owner, agent or master of a vessel who disputes the correctness of a measurement given in respect of goods being shipped by him to call for the said Dispute Book, which the Measurer shall produce at once, and to enter therein a claim to have the goods in question or any portion of them remeasured. And on the said shipper or the owner, agent or master of a vessel depositing with the Measurer the sum of annas 2 for each package to be measured, the Measurer shall at once remeasure such package or packages in such a manner that the shipper or the owner, agent or master of a vessel can see whether the measurement is correctly taken and shall give to the shipper or the owner, agent or master of a vessel a certificate of the measurement so found and write thereon the words "Protested Certificate. Fee paid Rs. . . . . " and the sum so paid. The Measurer shall immediately thereafter forward to the Secretary a statement of the case together with the amount of the Fee received.

Provided that on any of the stations where more than one measurer is employed, the Measurer whose measurements are disputed shall, immediately after receiving the protest and fee, call another Measurer who shall make the remeasurement in the manner above laid down, shall issue the " Protested Certificate " and forward the necessary statement to the Secretary.

(23) Should a shipper demand remeasurement under Order 22 and should such remeasurement, in the opinion of the Secretary, show the original measurement not to have been substantially correct, the extra fee of annas 2 per package shall be refunded to the shipper on demand and the case reported to the Committee.

(24) Every Measurer shall receive a book of Measurement Slips together with indelible pencil and carbon paper for making such slip in quadruplicate. The Measurer will hand to the shippers at the time of measurement the original and the third carbon copy; the first carbon copy will be handed to the ship agent's representative on demand and the second carbon copy will be retained for the Chamber's records.

Provided that when goods are shipped in boats for delivery alongside, the said first carbon copy, belonging to the ship's agent, shall be handed to the boatman from whom it should be obtained by the ship's officers.

## *STATEMENT showing the Total Measurement of Bales and Miscellaneous Packages with Receipts, Expenditure, etc.*

| Year ending | No. of Bales and Packages measured. | Receipts. | Expenditure. | Surplus Receipts. | Excess of Expenditure. |
|---|---|---|---|---|---|
| | | Rs. | Rs. | Rs. | Rs. |
| From 18th May 1870 to 30th Nov. 1872 | Not recorded. | 52,215 | 36,315 | 15,900 | .. |
| From 1st Dec., 1872 to 30th Nov. 1873 | 1,086,577 | 16,995 | 15,291 | 1,704 | .. |
| Year ending 30th November 1874 .. | 1,402,379 | 21,707 | 18,986 | 2,721 | .. |
| Do. 30th November 1875 .. | 1,474,470 | 23,039 | 22,009 | 1,030 | .. |
| Do. 30th November 1876 .. | 1,240,034 | 19,375 | 22,355 | .. | 2,980 |
| Do. 30th November 1877 .. | 1,101,318 | 18,324 | 21,561 | .. | 3,237 |
| Do. 30th November 1878 .. | 1,040,961 | 20,837 | 23,287 | .. | 2,450 |
| Do. 30th November 1879 .. | 887,100 | 28,808 | 20,140 | 8,668 | .. |
| Do. 30th November 1880 .. | 1,163,545 | 33,219 | 20,084 | 13,135 | .. |
| Do. 30th November 1881 .. | 1,313,592 | 25,177 | 24,029 | 1,147 | .. |
| Do. 30th November 1882 .. | 1,892,796 | 33,225 | 24,757 | 8,468 | .. |
| Do. 30th November 1883 .. | 1,852,047 | 33,792 | 25,605 | 8,187 | .. |
| Do. 30th November 1884 .. | 1,814,986 | 33,404 | 22,604 | 10,800 | .. |
| Do. 31st December 1885 .. | 1,402,845 | 29,482 | 24,385 | 5,097 | .. |
| Do. 31st December 1886 .. | 1,748,856 | 32,893 | 21,582 | 11,311 | .. |
| Do. 31st December 1887 .. | 1,845,446 | 35,933 | 20,017 | 15,916 | .. |
| Do. 31st December 1888 .. | 1,659,273 | 36,371 | 21,057 | 15,314 | .. |
| Do. 31st December 1889 .. | 2,156,604 | 43,042 | 21,648 | 21,394 | .. |
| Do. 31st December 1890 .. | 2,330,935 | 45,872 | 23,171 | 22,701 | .. |
| Do. 31st December 1891 .. | 2,012,900 | 39,533 | 23,402 | 16,131 | .. |
| Do. 31st December 1892 .. | 1,946,389 | 38,017 | 24,495 | 13,522 | .. |
| Do. 31st December 1893 .. | 1,691,755 | 32,517 | 24,273 | 8,244 | .. |
| Do. 31st December 1894 .. | 1,708,723 | 33,665 | 25,156 | 8,509 | .. |
| Do. 31st December 1895 .. | 1,679,325 | 34,921 | 21,546 | 13,375 | .. |
| Do. 31st December 1896 .. | 2,049,862 | 40,061 | 22,240 | 17,821 | .. |
| Do. 31st December 1897 .. | 1,746,610 | 33,956 | 22,484 | 11,472 | .. |
| Do. 31st December 1898 .. | 1,910,140 | 36,174 | 21,100 | 15,074 | .. |
| Do. 31st December 1899 .. | 2,132,663 | 41,684 | 21,041 | 20,643 | .. |
| Do. 31st December 1900 .. | 1,147,591 | 28,302 | 20,844 | 7,458 | .. |
| Do. 31st December 1901 .. | 2,947,198 | 45,497 | 21,918 | 23,579 | .. |
| Do. 31st December 1902 .. | 2,159,823 | 43,709 | 26,865 | 16,844 | .. |
| Do. 31st December 1903 .. | 2,664,171 | 53,654 | 31,522 | 22,132 | .. |
| Do. 31st December 1904 .. | 2,292,791 | 48,673 | 19,666 | 29,007 | .. |
| Do. 31st December 1905 .. | 2,534,599 | 53,255 | 21,427 | 31,828 | .. |
| Do. 31st December 1906 .. | 2,685,432 | 54,215 | 23,516 | 30,699 | .. |
| Do. 31st December 1907 .. | 2,976,312 | 60,171 | 27,054 | 33,117 | .. |
| Do. 31st December 1908 .. | 2,302,349 | 48,844 | 29,706 | 19,138 | .. |
| Do. 31st December 1909 .. | 2,736,023 | 57,502 | 28,310 | 29,192 | .. |
| Do. 31st December 1910 .. | 3,163,919 | 65,853 | 30,617 | 35,236 | .. |
| Do. 31st December 1911 .. | 2,390,016 | 54,123 | 34,028 | 20,095 | .. |
| Do. 31st December 1912 .. | 2,528,825 | 55,571 | 31,953 | 23,618 | .. |
| Do. 31st December 1913 .. | 3,127,997 | 64,049 | 32,441 | 31,608 | .. |
| Do. 31st December 1914 .. | 3,336,685 | 65,197 | 36,014 | 29,183 | .. |
| Do. 31st December 1915 .. | 3,361,744 | 73,410 | 35,002 | 38,408 | .. |
| Do. 31st December 1916 .. | 3,409,241 | 85,407 | 37,571 | 47,836 | .. |
| Do. 31st December 1917 .. | 2,944,353 | 67,356 | 41,360 | 25,996 | .. |
| Do. 31st December 1918 .. | 1,933,943 | 73,386 | 41,640 | 31,746 | .. |
| Do. 31st December 1919 .. | 2,910,991 | 86,189 | 46,154 | 40,035 | |
| Do. 31st December 1920 .. | 3,027,873 | 1,06,901 | 70,146 | 36,755 | .. |
| Do. 31st December 1921 .. | 3,407,858 | 1,54,071 | 70,208 | 83,863 | .. |
| Do. 31st December 1922 .. | 3,517,691 | 1,60,333 | 76,399 | 83,934 | .. |
| Do. 31st December 1923 .. | 2,692,835 | 1,24,179 | 76,939 | 47,240 | .. |
| Do. 31st December 1924 .. | 2,365,531 | 1,16,002 | 72,034 | 43,968 | .. |
| Do. 31st December 1925 .. | 2,111,055 | 1,09,375 | 69,703 | 39,672 | .. |
| Do. 31st December 1926 .. | 1,785,602 | 1,08,621 | 68,203 | 40,418 | .. |
| Do. 31st December 1927 .. | 1,573,756 | 1,33,382 | 74,839 | 58,543 | .. |
| Do. 31st December 1928 .. | 1,991,021 | 1,13,092 | 71,963 | 41,129 | .. |
| Do. 31st December 1929 .. | 1,825,481 | 1,02,578 | 69,338 | 33,240 | .. |
| Do. 31st December 1930 .. | 1,812,795 | 1,00,015 | 69,192 | 30,823 | .. |
| Do. 31st December 1931 .. | 1,288,522 | 82,470 | 62,917 | 19,553 | .. |
| Do. 31st December 1932 .. | 985,491 | 79,726 | 60,855 | 18,871 | .. |
| Do. 31st December 1933 .. | 1,255,823 | 77,857 | 57,161 | 20,696 | .. |
| Do. 31st December 1934 .. | 1,185,092 | 76,414 | 55,958 | 20,456 | .. |
| Do. 31st December 1935 .. | 1,312,477 | 80,997 | 60,126 | 20,871 | .. |
| Do. 31st December 1936 .. | 1,480,674 | 87,086 | 60,676 | 26,410 | .. |
| Do. 31st December 1937 .. | 1,592,567 | 1,03,975 | 67,914 | 36,061 | .. |
| Do. 31st December 1938 .. | 1,645,592 | 1,06,116 | 79,615 | 26,501 | .. |
| Do. 31st December 1939 .. | 1,388,253 | 93,819 | 75,999 | 17,820 | .. |
| Do. 31st December 1940 .. | 1,519,661 | 1,12,739 | 65,480 | 47,259 | .. |
| Do. 31st December 1941 .. | 2,240,968 | 1,85,892 | 85,228 | 1,00,664 | .. |
| Do. 31st December 1942 .. | 2,445,914 | 2,14,935 | 1,01,459 | 1,13,476 | .. |

*Statement showing the Total Measurement and weighment of Bales and Miscellaneous Packages, with Receipts for the years* 1923 *to* 1942.

| Years. | Nett Bales certified Measurement. | | | | Nett Miscellaneous Articles. | | | | Nett Weighment Packages. | | | | Nett Round Logs. | | | | Extra Fees. | | | Nett Totals. | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Bales. | Nett Fees. | | | Number of Packages. | Nett Fees. | | | Number of Packages. | Nett Fees. | | | Number of Logs. | Nett Fees. | | | Amount. | | | Packages. | Nett Fees. | | |
| | | Rs. | a. | p. | | Rs. | a. | p. | | Rs. | a. | p. | | Rs. | a. | p. | Rs. | a. | p. | | Rs. | a. | p. |
| 1923.. | 2,024,508 | 63,265 | 14 | 0 | 668,323 | 57,951 | 2 | 3 | .. | .. | | | 4 | 2 | 0 | 0 | 2,960 | 7 | 6 | 2,692,835 | 1,24,179 | 7 | 9 |
| 1924.. | 1,723,813 | 53,869 | 2 | 6 | 641,718 | 58,174 | 5 | 9 | .. | .. | | | .. | .. | | | 3,958 | 14 | 0 | 2,365,531 | 1,16,002 | 6 | 3 |
| 1925.. | 1,579,403 | 49,356 | 5 | 6 | 531,652 | 55,700 | 2 | 6 | .. | .. | | | .. | .. | | | 4,318 | 7 | 6 | 2,111,055 | 1,09,374 | 15 | 6 |
| 1926.. | 1,254,587 | 39,205 | 13 | 6 | 531,015 | 63,323 | 9 | 0 | .. | .. | | | .. | .. | | | 6,091 | 7 | 6 | 1,785,602 | 1,08,620 | 14 | 0 |
| 1927.. | 995,512 | 31,141 | 0 | 0 | 577,244 | 68,542 | 0 | 0 | .. | .. | | | .. | .. | | | 33,699 | 10 | 0 | 1,573,756 | 1,33,382 | 10 | 0 |
| 1928.. | 1,480,555 | 46,267 | 5 | 6 | 510,388 | 60,803 | 15 | 0 | .. | .. | | | 78 | 39 | 0 | 0 | 5,981 | 6 | 0 | 1,991,021 | 1,13,091 | 10 | 6 |
| 1929.. | 1,328,917 | 41,528 | 10 | 6 | 496,505 | 58,565 | 3 | 0 | .. | .. | | | 59 | 29 | 8 | 0 | 2,455 | 0 | 6 | 1,825,481 | 1,02,578 | 6 | 0 |
| 1930.. | 1,365,626 | 42,675 | 13 | 0 | 447,169 | 51,784 | 15 | 0 | .. | .. | | | .. | .. | | | 5,554 | 7 | 6 | 1,812,795 | 1,00,015 | 3 | 6 |
| 1931.. | 882,510 | 27,578 | 7 | 0 | 406,012 | 47,149 | 1 | 0 | .. | .. | | | .. | .. | | | 7,743 | 1 | 0 | 1,288,522 | 82,470 | 9 | 0 |
| 1932.. | 487,331 | 15,229 | 1 | 6 | 498,160 | 56,297 | 1 | 0 | .. | .. | | | .. | .. | | | 8,199 | 15 | 0 | 985,491 | 79,726 | 1 | 6 |
| 1933.. | 834,305 | 26,072 | 0 | 6 | 421,518 | 46,986 | 4 | 0 | .. | .. | | | .. | .. | | | 4,799 | 2 | 6 | 1,255,823 | 77,857 | 7 | 0 |
| 1934.. | 738,590 | 23,080 | 15 | 0 | 446,502 | 51,297 | 12 | 0 | .. | .. | | | .. | .. | | | 2,035 | 4 | 0 | 1,185,092 | 76,413 | 15 | 0 |
| 1935.. | 861,868 | 26,933 | 6 | 0 | 450,609 | 51,453 | 10 | 0 | .. | .. | | | .. | .. | | | 2,610 | 6 | 6 | 1,312,477 | 80,997 | 6 | 6 |
| 1936.. | 1,003,105 | 31,347 | 0 | 6 | 477,562 | 54,601 | 2 | 0 | .. | .. | | | 7 | 3 | 8 | 0 | 1,134 | 8 | 6 | 1,480,674 | 87,086 | 3 | 0 |
| 1937.. | 890,184 | 27,818 | 4 | 0 | 589,709 | 66,567 | 4 | 0 | 112,659 | 6,953 | 11 | 0 | 15 | 7 | 8 | 0 | 2,628 | 3 | 0 | 1,592,567 | 1,03,974 | 14 | 0 |
| 1938.. | 771,860 | 24,120 | 10 | 0 | 502,612 | 57,301 | 3 | 0 | 371,120 | 22,882 | 8 | 0 | .. | .. | | | 1,812 | 4 | 6 | 1,645,592 | 1,06,116 | 9 | 6 |
| 1939.. | 690,835 | 21,588 | 9 | 6 | 500,526 | 57,034 | 10 | 0 | 196,887 | 12,166 | 6 | 0 | 5 | 2 | 8 | 0 | 3,027 | 5 | 0 | 1,388,253 | 93,319 | 6 | 6 |
| 1940.. | 646,462 | 20,201 | 15 | 0 | 674,508 | 74,724 | 12 | 0 | 198,589 | 12,171 | 2 | 6 | 102 | 17 | 4 | 0 | 5,624 | 2 | 6 | 1,519,661 | 1,12,739 | 4 | 0 |
| 1941.. | 585,399 | 18,293 | 11 | 6 | 1,379,414 | 140,141 | 14 | 0 | 276,155 | 15,505 | 0 | 6 | .. | .. | | | 11,951 | 6 | 0 | 2,240,968 | 1,85,892 | 0 | 0 |
| 1942.. | 674,587 | 21,080 | 13 | 6 | 1,592,827 | 172,331 | 10 | 6 | 178,500 | 17,301 | 3 | 6 | .. | .. | | | 4,220 | 14 | 6 | 2,445,914 | 2,14,934 | 10 | 0 |

# FINANCIAL STATISTICS.

## RESERVE BANK OF INDIA

*Balance Sheet as at 26th March* 1943.

ISSUE DEPARTMENT

| LIABILITIES. | Rs. | ASSETS. | Rs. |
|---|---|---|---|
| Notes held in the Banking Department .. | 11,53,22,000 | Gold Coin and Bullion— | |
| | | (*a*) Held in India .. .. .. | 44,41,43,000 |
| | | (*b*) Held outside India .. .. | .... |
| Notes in Circulation .. .. .. | 643,58,07,000 | Sterling Securities .. .. .. | 421,71,23,000 |
| | | Rupee Coin .. .. .. .. | 14,50,95,000 |
| | | Government of India Rupee Securities .. .. .. .. .. | 174,47,68,000 |
| | | Internal Bills of Exchange and other Commercial Paper .. .. | .... |
| Total Rs. .. | 655,11,29,000 | Total Rs. .. | 655,11,29,000 |

BALANCE at the credit of the Government of India in the Reserve Bank of India on 31st March
(In Lakhs of Rupees 00,000s omitted).

| | | | |
|---|---|---|---|
| 1936 .. .. .. .. | 1,142 | 1940 .. .. .. .. | 1,565 |
| 1937 .. .. .. .. | 1,285 | 1941 .. .. .. .. | 1,357 |
| 1938 .. .. .. .. | 1,772 | 1942 .. .. .. .. | 1,515 |
| 1939 .. .. .. .. | 1,666 | | |

| | Official year 1941-42. Rs. | Official year 1940-41. Rs. | Official year 1939-40. Rs. |
|---|---|---|---|
| COINAGE OF SILVER IN INDIA—(Bombay and Calcutta Mints)—Whole Rupees .. .. .. .. .. .. .. .. .. | 25,05,00,002 | 9,06,02,180 | *Nil.* |

| | Rs. |
|---|---|
| NET PROFIT ON COINAGE (Nickel, Bronze and Copper) for the year 1941-42 .. .. .. .. .. | 1,76,66,408 |

| | Rs. |
|---|---|
| AMOUNT OF GOVERNMENT PROMISSORY NOTES standing on the London Registers at the end of March 1934 .. | 8,16,29,300 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1935 .. | 8,48,36,000 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1936 .. | 7,91,99,000 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1937 .. | 7,74,08,000 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1938 .. | 7,63,18,000 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1939 .. | 7,55,28,150 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1940 .. | 5,44,65,550 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1941 .. | 5,38,36,550 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1942 .. | 2,05,78,550 |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1943 .. | 2,01,62,750 |

# IMPORT AND EXPORT TRADE OF BRITISH INDIA.

*STATEMENT showing the Annual Value of the Import and Export Trade of British India and the Total Miles of Railway opened.*

| Calendar Year. | Total Miles of Railway opened. | Year ending 31st March. | Imports. | | | Exports. | | |
|---|---|---|---|---|---|---|---|---|
| | | | Merchandise. | Treasure. | Total Merchandise and Treasure. | Merchandise. | Treasure. | Total Merchandise and Treasure. |
| | | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1878 .. | 8,217 | 1878 | 41,46,41,851 | 17,35,54,596 | 58,81,96,447 | 65,22,23,282 | 2,21,09,956 | 67,43,33,238 |
| 1879 .. | 8,494 | 1879 | 37,80,09,835 | 7,05,67,486 | 44,85,77,321 | 60,93,68,769 | 3,98,22,283 | 64,91,91,052 |
| 1880 .. | 9,162 | 1880 | 41,17,25,671 | 11,65,48,948 | 52,82,74,619 | 67,21,07,406 | 2,03,51,479 | 69,24,58,885 |
| 1881 .. | 9,890 | 1881 | 53,08,68,074 | 8,99,72,139 | 62,08,40,213 | 74,54,09,072 | 1,44,04,408 | 75,98,13,480 |
| 1882 .. | 10,149 | 1882 | 49,11,28,724 | 11,32,27,804 | 60,43,56,528 | 81,96,64,102 | 1,09,97,468 | 83,06,61,576 |
| 1883 .. | 10,458 | 1883 | 52,09,86,720 | 13,45,33,642 | 65,55,20,362 | 83,48,49,372 | 1,04,18,488 | 84,52,67,860 |
| 1884 .. | 11,631 | 1884 | 55,29,89,907 | 12,87,79,633 | 68,17,69,540 | 88,07,64,315 | 1,00,84,937 | 89,08,49,252 |
| 1885 .. | 12,283 | 1885 | 55,70,16,804 | 13,88,81,918 | 69,58,98,722 | 83,17,01,507 | 1,96,89,796 | 85,13,91,302 |
| 1886 .. | 12,892 | 1886 | 55,65,19,552 | 15,46,70,808 | 71,11,90,360 | 83,86,11,693 | 1,10,82,310 | 84,96,94,603 |
| 1887 .. | 14,103 | 1887 | 61,81,19,608 | 11,04,83,224 | 72,86,02,832 | 88,48,10,354 | 1,72,04,261 | 90,20,14,615 |
| 1888 .. | 14,576 | 1888 | 65,00,45,881 | 13,81,25,456 | 78,81,71,337 | 90,54,36,458 | 1,60,46,242 | 92,14,82,700 |
| 1889 .. | 15,887 | 1889 | 69,43,77,531 | 13,84,49,249 | 83,28,26,780 | 97,06,02,386 | 1,78,43,819 | 98,84,46,205 |
| 1890 .. | 16,401 | 1890 | 69,19,93,762 | 17,45,45,037 | 86,65,38,799 | 1,03,44,87,052 | 1,90,63,218 | 1,05,35,50,270 |
| 1891 .. | 17,308 | 1891 | 71,97,57,754 | 21,93,44,876 | 93,91,02,630 | 1,00,21,50,575 | 2,12,31,785 | 1,02,33,82,360 |
| 1892 .. | 17,815 | 1892 | 69,42,75,659 | 14,72,26,621 | 84,15,02,280 | 1,08,17,79,873 | 3,28,66,858 | 1,11,46,46,731 |
| 1893 .. | 18,504 | 1893 | 66,27,86,222 | 17,00,98,101 | 83,28,84,323 | 1,06,57,46,715 | 6,95,89,237 | 1,13,53,35,952 |
| 1894 .. | 18,900 | 1894 | 77,02,60,944 | 18,46,12,564 | 95,48,73,508 | 1,06,51,48,540 | 4,10,01,921 | 1,10,61,50,461 |
| 1895 .. | 19,547 | 1895 | 73,51,65,042 | 9,58,12,084 | 83,09,77,126 | 1,08,92,91,101 | 8,22,60,717 | 1,17,15,51,818 |
| 1896 .. | 20,254 | 1896 | 72,93,61,344 | 13,36,79,854 | 86,30,41,198 | 1,14,34,59,341 | 4,25,98,105 | 1,18,60,57,446 |
| 1897 .. | 21,115 | 1897 | 76,21,58,352 | 13,08,45,635 | 89,30,03,987 | 1,03,98,36,184 | 4,93,74,955 | 1,08,92,11,139 |
| 1898 .. | 22,040 | 1898 | 73,63,43,159 | 20,53,06,170 | 94,16,49,329 | 97,63,51,802 | 7,14,86,470 | 1,04,78,38,272 |
| 1899 .. | 23,523 | 1899 | 72,11,07,161 | 17,89,56,127 | 90,00,63,238 | 1,12,80,11,811 | 7,41,14,207 | 1,20,21,26,018 |
| 1900 .. | 24,752 | 1900 | 75,30,44,785 | 20,97,36,851 | 96,27,81,636 | 1,09,11,36,448 | 7,95,63,876 | 1,17,07,00,324 |
| 1901 .. | 25,363 | 1901 | 80,89,40,873 | 24,57,61,818 | 1,05,47,02,691 | 1,07,76,44,143 | 14,22,73,646 | 1,21,99,17,789 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1902 .. | 25,931 | 1902 | 88,74,24,199 | 20,87,13,352 | 1,09,61,37,551 | 1,24,52,48,571 | 11,47,08,603 | 1,35,99,57,174 |
| 1903 .. | 26,956 | 1903 | 85,86,60,829 | 25,31,83,178 | 1,11,18,44,007 | 1,29,40,79,337 | 9,65,76,370 | 1,39,06,55,707 |
| 1904 .. | 27,565 | 1904 | 92,59,22,723 | 38,52,61,072 | 1,31,11,83,795 | 1,53,51,71,599 | 15,04,38,811 | 1,68,56,10,410 |
| 1905 .. | 28,295 | 1905 | 1,04,41,27,454 | 39,50,81,750 | 1,43,92,09,204 | 1,57,70,83,029 | 16,42,88,167 | 1,74,13,71,196 |
| 1906 .. | 29,097 | 1906 | 1,12,07,09,822 | 31,65,14,438 | 1,43,72,24,260 | 1,61,85,53,960 | 15,47,00,054 | 1,77,32,54,014 |
| 1907 .. | 30,010 | 1907 | 1,17,24,15,294 | 44,57,98,114 | 1,61,82,13,408 | 1,76,66,94,270 | 5,71,82,526 | 1,82,38,76,796 |
| 1908 .. | 30,576 | 1908 | 1,36,53,80,464 | 42,28,44,977 | 1,78,82,25,441 | 1,77,37,29,392 | 5,44,85,001 | 1,82,82,14,393 |
| 1909 .. | 31,490 | 1909 | 1,28,77,81,788 | 22,74,41,677 | 1,51,52,23,465 | 1,53,14,31,953 | 6,32,02,465 | 1,59,46,34,418 |
| 1910 .. | 32,099 | 1910 | 1,22,64,97,224 | 37,52,34,734 | 1,60,17,31,958 | 1,87,83,04,410 | 6,39,90,403 | 1,94,22,94,813 |
| 1911 .. | 32,839 | 1911 | 1,33,70,57,458 | 39,77,35,730 | 1,73,47,93,188 | 2,10,15,16,030 | 7,12,69,254 | 2,17,27,85,284 |
| 1912 .. | 33,484 | 1912 | 1,44,05,54,383 | 53,47,08,480 | 1,97,52,62,863 | 2,27,98,82,325 | 10,37,39,063 | 2,38,36,21,388 |
| 1913 .. | 34,656 | 1913 | 1,66,62,96,807 | 61,83,17,536 | 2,28,46,14,343 | 2,46,21,83,342 | 10,63,17,656 | 2,56,85,00,998 |
| *1913-14.. | 34,656 | 1914 | 1,91,30,79,586 | 43,43,96,503 | 2,34,74,76,089 | 2,49,00,74,896 | 7,08,28,850 | 2,56,09,03,746 |
| *1914-15.. | 35,285 | 1915 | 1,44,93,07,207 | 21,80,83,236 | 1,66,73,90,443 | 1,82,17,60,256 | 5,28,94,370 | 1,87,46,54,626 |
| *1915-16.. | 35,833 | 1916 | 1,38,16,93,032 | 11,94,62,390 | 1,50,11,55,422 | 1,99,48,03,975 | 8,22,57,819 | 2,07,70,61,794 |
| *1916-17.. | 36,286 | 1917 | 1,60,24,89,599 | 38,45,26,695 | 1,98,70,16,294 | 2,47,37,74,815 | 6,41,72,070 | 2,53,79,46,885 |
| *1917-18.. | 36,333 | 1918 | 1,64,35,48,949 | 51,76,43,160 | 2,16,11,92,109 | 2,44,90,40,505 | 7,54,39,185 | 2,52,44,79,690 |
| *1918-19.. | 36,616 | 1919 | 1,88,56,24,317 | 71,36,55,075 | 2,59,92,79,392 | 2,55,32,02,610 | 9,01,03,571 | 2,64,33,06,181 |
| *1919-20.. | 36,735 | 1920 | 2,21,70,24,425 | 78,23,88,554 | 2,99,94,12,979 | 3,32,75,78,755 | 13,67,97,719 | 3,46,43,76,474 |
| *1920-21.. | 37,029 | 1921 | 3,47,13,52,122 | 34,76,34,962 | 3,81,89,87,084 | 2,67,64,36,175 | 26,17,12,640 | 2,93,81,48,815 |
| *1921-22.. | 37,266 | 1922 | 2,82,59,75,453 | 31,29,90,526 | 3,13,89,65,979 | 2,48,65,76,106 | 19,06,73,144 | 2,67,72,49,250 |
| *1922-23.. | 37,618 | 1923 | 2,46,19,24,109 | 63,57,96,096 | 3,09,77,20,205 | 3,16,07,16,915 | 3,01,71,845 | 3,19,08,88,760 |
| *1923-24.. | 38,039 | 1924 | 2,37,18,32,279 | 53,20,40,566 | 2,90,38,72,845 | 3,63,37,63,664 | 3,67,32,510 | 3,67,04,96,174 |
| *1924-25.. | 38,270 | 1925 | 2,53,36,36,608 | 99,19,84,987 | 3,52,56,21,595 | 4,00,24,27,531 | 5,16,81,392 | 4,05,41,08,923 |
| *1925-26.. | 38,610 | 1926 | 2,36,00,12,595 | 55,48,77,580 | 2,91,48,90,175 | 3,86,81,21,842 | 3,83,91,668 | 3,90,65,13,510 |
| *1926-27.. | 39,048 | 1927 | 2,40,81,84,303 | 41,53,20,573 | 2,82,35,04,876 | 3,11,05,04,300 | 2,21,13,404 | 3,13,26,17,704 |
| *1927-28.. | 39,048 | 1928 | 2,61,53,40,569 | 34,89,52,529 | 2,96,42,94,098 | 3,30,26,37,283 | 3,13,60,896 | 3,33,39,98,179 |
| *1928-29.. | 40,330 | 1929 | 2,63,39,79,360 | 37,29,42,646 | 3,00,69,22,006 | 3,39,15,06,656 | 6,35,31,454 | 3,45,50,38,110 |
| *1929-30.. | 41,723 | 1930 | 2,49,70,74,490 | 27,83,19,584 | 2,77,53,94,074 | 3,18,98,97,089 | 5,14,33,004 | 3,24,13,30,093 |
| *1930-31.. | 42,281 | 1931 | 1,73,06,25,932 | 26,86,34,373 | 1,99,92,60,305 | 2,26,50,21,864 | 4,00,08,598 | 2,30,50,30,462 |
| *1931-32.. | 42,813 | 1932 | 1,30,64,28,506 | 7,26,80,825 | 1,37,91,09,331 | 1,61,20,22,325 | 65,92,85,265 | 2,27,13,07,590 |
| *1932-33.. | 42,973 | 1933 | 1,35,01,76,054 | 2,99,13,188 | 1,38,00,89,242 | 1,35,93,34,109 | 70,66,15,528 | 2,06,59,49,637 |
| *1933-34.. | 42,973 | 1934 | 1,17,30,45,422 | 1,96,15,215 | 1,19,26,60,637 | 1,51,17,15,209 | 65,56,63,908 | 2,16,73,79,117 |
| *1934-35.. | 43,021 | 1935 | 1,34,58,25,058 | 5,19,17,165 | 1,39,77,42,223 | 1,55,49,71,644 | 63,50,46,139 | 2,19,00,17,783 |
| *1935-36.. | 43,118 | 1936 | 1,36,76,36,945 | 7,44,88,569 | 1,44,21,25,514 | 1,64,59,69,634 | 45,66,88,147 | 2,10,26,57,781 |
| *1936-37.. | 43,128 | 1937 | 1,27,72,13,251 | 15,50,89,994 | 1,43,23,03,245 | 2,02,48,94,884 | 30,20,40,314 | 2,32,69,35,198 |
| †*1937-38. | 41,076 | 1938 | 1,77,22,08,967 | 4,71,24 768 | 1,81,93,33,735 | 1,89,76,39,162 | 19,76,70,257 | 2,09,53,09,419 |
| †*1938-39. | 41,134 | 1939 | 1,55,55,32,005 | 3,24,36,026 | 1,58,79,68,031 | 1,69,83,11,805 | 15,19,54,275 | 1,85,02,66,080 |
| †*1939-40. | 41,156 | 1940 | 1,68,96,13,528 | 6,64,41,915 | 1,75,60,55,443 | 2,15,95,10,828 | 40,79 57,074 | 2,56,74,67,902 |
| †*1940-41. | 41,052 | 1941 | ‡1,56,97,21,166 | .... | .... | ‡1,98,71,22,531 | .... | .... |
| †*1941-42. | 41,054 | 1942 | ‡1,73,29,68,523 | .... | .... | ‡2,52,54,92,113 | .... | .... |

* Official year ending 31st March. † Exclusive of Burma due to separation.

‡ Imports and Exports of Government Stores and Treasure not available.

*Exports of Cotton, Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay by Sea to Europe (including Port Said for orders) during the Calendar Years 1892 to 1942.*

| Years. | Cotton. | Wool and Goat Hair. | Linseed. | Rape Seed. | Gingelly Seed. | Wheat. | Myrabollams. |
|---|---|---|---|---|---|---|---|
| | Bales. | Bales. | Cwts. | Cwts. | Cwts. | Cwts. | Cwts. |
| 1892 .. .. .. | 954,243 | 53,275 | 3,805,823 | 1,758,459 | 1,227,560 | 9,374,762 | 620,133 |
| 1893 .. .. .. | 857,771 | 49,538 | 4,319,264 | 4,275,862 | 1,510,317 | 5,043,690 | 563,053 |
| 1894 .. .. .. | 797,070 | 54,678 | 5,389,941 | 3,306,108 | 1,126,418 | 1,561,048 | 1,076,482 |
| 1895 .. .. .. | 624,465 | 61,586 | 2,639,749 | 1,829,827 | 1,379,335 | 2,522,933 | 775,582 |
| 1896 .. .. .. | 772,258 | 58,520 | 3,214,613 | 1,495,463 | 1,186,842 | 1,429,572 | 839,314 |
| 1897 .. .. .. | 511,899 | 51,710 | 775,838 | 1,874,663 | 831,398 | 5,343 | 555,081 |
| 1898 .. .. .. | 490,544 | 51,653 | 2,729,122 | 2,287,393 | 1,847,419 | 5,781,881 | 635,732 |
| 1899 .. .. .. | 500,232 | 53,272 | 2,136,142 | 1,967,680 | 1,613,679 | 2,852,863 | 752,343 |
| 1900 .. .. .. | 232,425 | 40,611 | 811,128 | 1,050,052 | 1,613,135 | 608 | 878,740 |
| 1901 .. .. .. | 560,434 | 33,091 | 1,754,701 | 2,586,544 | 1,704,817 | 38,619 | 728,055 |
| 1902 .. .. .. | 577,929 | 39,793 | 2,017,704 | 2,742,283 | 1,881,426 | 211,397 | 1,079,241 |
| 1903 .. .. .. | 958,199 | 49,332 | 2,957,635 | 2,614,181 | 3,063,821 | 2,783,625 | 748,137 |
| 1904 .. .. .. | 926,295 | 58,319 | 3,808,789 | 2,182,881 | 2,266,118 | 5,302,304 | 958,886 |
| 1905 .. .. .. | 667,323 | 63,666 | 3,485,956 | 728,041 | 1,420,503 | 4,205,315 | 621,298 |
| 1906 .. .. .. | 989,693 | 59,101 | 1,889,089 | 829,438 | 1,578,931 | 485,747 | 779,584 |
| 1907 .. .. .. | 1,126,376 | 54,390 | 2,333,472 | 2,026,544 | 2,235,206 | 552,660 | 848,293 |
| 1908 .. .. .. | 659,822 | 47,344 | 1,046,806 | 802,923 | 1,018,619 | 12,740 | 1,304,388 |
| 1909 .. .. .. | 672,247 | 69,121 | 1,843,403 | 1,273,005 | 1,620,631 | 2,177,644 | 76,757 |
| 1910 .. .. .. | 1,153,233 | 68,059 | 2,546,238 | 2,137,828 | 2,864,185 | 1,673,016 | 917,208 |
| 1911 .. .. .. | 776,417 | 62,721 | 4,905,089 | 1,383,053 | 2,016,231 | 3,326,327 | 662,892 |
| 1912 .. .. .. | 436,208 | 64,072 | 3,579,356 | 1,069,916 | 1,012,554 | 3,805,556 | 652,080 |
| 1913 .. .. .. | 736,262 | 63,244 | 3,713,812 | 1,042,510 | 1,695,000 | 4,997,989 | 549,483 |
| 1914 .. .. .. | 1,113,016 | 54,555 | 2,622,097 | 678,060 | 1,280,036 | 109,323 | 755,687 |

*Exports of Cotton, Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay by Sea to Europe (including Port Said for orders) during the Calendar Years 1892 to 1942*—continued.

| Years. | Cotton. | Wool and Goat Hair. | Linseed. | Rape Seed. | Gingelly Seed. | Wheat. | Myrabollams. |
|---|---|---|---|---|---|---|---|
| | Bales. | Bales. | Cwts. | Cwts. | Cwts. | Cwts. | Cwts. |
| 1915 .. .. .. | 403,322 | 82,456 | 1,603,837 | 543,494 | 150,068 | 1,593,092 | 601,144 |
| 1916 .. .. .. | 293,876 | 77,109 | 5,410,560 | 451,732 | 1,130,405 | 545,656 | 422,965 |
| 1917 .. .. .. | 358,378 | 84,151 | 2,630,619 | 321,811 | 639,091 | 4,636,634 | 408,692 |
| 1918 .. .. .. | 190,529 | 109,850 | 2,474,109 | 73,181 | 3,552 | 1,487,714 | 300,061 |
| 1919 .. .. .. | 337,043 | 63,938 | 2,689,540 | 396,514 | 331,022 | 126,416 | 538,022 |
| 1920 .. .. .. | 649,736 | 42,920 | 1,511,233 | 729,716 | 678,059 | .... | 346,812 |
| 1921 .. .. .. | 503,215 | 36,931 | 524,442 | 165,908 | 264,842 | .... | 419,329 |
| 1922 .. .. .. | 628,674 | 75,326 | 2,307,369 | 464,045 | 610,412 | 1,000 | 525,031 |
| 1923 .. .. .. | 980,710 | 51,734 | 3,043,144 | 786,356 | 156,675 | 419,046 | 389,198 |
| *Exports of Cotton Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay, all Foreign Countries during the Years 1924 to 1942.* | | | | | | | |
| 1924 .. .. † | 2,520,053 | 75,992 | 2,990,141 | 881,200 | 468,157 | 547,085 | 888,994 |
| 1925 .. .. | 2,820,629 | 66,329 | 3,524,849 | 531,136 | 812,900 | 1,187,532 | 605,257 |
| 1926 .. .. | 2,257,802 | 46,347 | 1,585,096 | 77,894 | 72,752 | 138,592 | 719,078 |
| 1927 .. .. | 2,052,225 | 57,996 | 1,641,559 | 52,861 | 80,010 | 32,880 | 883,259 |
| 1928 .. .. | 2,563,221 | 71,769 | 1,828,077 | 189,435 | 471,740 | 68,162 | 641,162 |
| 1929 .. .. | 2,678,328 | 83,264 | 1,576,531 | 39,838 | 415,725 | 47,553 | 729,169 |
| 1930 .. .. | 2,755,604 | 41,532 | 2,110,422 | 13,354 | 19,708 | 32,857 | 732,974 |
| 1931 .. .. | 2,194,682 | 49,201 | 926,552 | 18,155 | 83,802 | 71,035 | 644,706 |
| 1932 .. .. | 924,302 | 33,474 | 491,481 | 39,023 | 248,126 | 26,236 | 592,374 |
| 1933 .. .. | 1,545,511 | 57,388 | 3,298,611 | 49,677 | 305,965 | 25,934 | 709,041 |
| 1934 .. .. | 1,713,319 | 41,329 | 3,229,879 | 69,178* | 143,941 | 24,865 | 617,732 |
| 1935 .. .. | 1,633,888 | 48,036 | 1,222,517 | 43,854* | 11,230 | 30,088 | 702,840 |
| 1936 .. .. | 2,153,096 | 34,789 | 3,329,916 | 52,145* | 85,023 | 46,884 | 655,634 |
| 1937 .. .. | 1,779,985 | 38,033 | 2,086,453 | 53,742* | 250,228 | 50,131 | 623,774 |
| 1938 .. .. | 1,535,838 | 33,350 | 3,334,933 | 46,674* | 83,175 | 40,738 | 549,023 |
| 1939 .. .. | 1,619,859 | 51,477 | 2,593,561 | 42,988* | 45,114 | 45,962 | 770,253 |
| 1940 .. .. | 1,368,584 | 17,626 | 2,063,025 | 96,737* | 31,389 | *A.* | 553,826 |
| 1941 .. .. | 704,383 | 32,253 | 2,291,457 | 34,227* | 45,067 | *A.* | 263,262 |
| 1942 .. .. | 280,316 | 16,711 | 2,619,082 | 16,731* | 161,737 | *A.* | 254,308 |

* Inclusive of Mustard Seed. † Includes Cotton exported to Calcutta and Coast Ports.
*A* Exports of wheat not available.

*STATEMENT showing the Exports from Bombay by Sea of Indian Manufactured Cotton Piecegoods and Yarns since* 1908.

| Year ending 31st Dec. | Grey and White Piecegoods. | | | Coloured Piecegoods. | | Total Piecegoods. | | | Yarns. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Packages | Yards. | Lbs. | Packages. | Yards. | Packages. | Yards. | Lbs.* | Bales. | Lbs. |
| 1908 | 120,300 | 215,698,687 | 60,862,003 | 30,997 | 50,792,342 | 151,297 | 266,491,029 | 66,622,757 | 598,621 | 234,484,640 |
| 1909 | 141,920 | 252,992,500 | 70,093,139 | 39,326 | 66,751,717 | 181,246 | 319,744,217 | 79,936,054 | 636,329 | 252,460,745 |
| 1910 | 136,972 | 250,489,940 | 68,312,314 | 45,333 | 75,673,845 | 182,305 | 326,163,785 | 81,540,946 | 565,999 | 223,758,970 |
| 1911 | 122,601 | 224,438,698 | 63,524,949 | 54,000 | 89,411,376 | 176,601 | 313,850,074 | 78,462,518 | 403,214 | 158,582,640 |
| 1912 | 126,681 | 231,976,527 | 66,009,051 | 64,169 | 107,289,928 | 190,850 | 339,266,455 | 84,816,614 | 579,281 | 228,759,617 |
| 1913 | 97,005 | 177,239,570 | 50,527,978 | 55,071 | 92,467,657 | 152,076 | 269,707,227 | 67,426,807 | 518,230 | 205,207,962 |
| 1914 | 91,837 | 169,515,937 | 49,361,518 | 42,084 | 72,602,270 | 133,921 | 242,118,207 | 60,529,552 | 437,159 | 173,172,953 |
| 1915 | 108,956 | 199,968,079 | 58,350,926 | 61,045 | 103,038,333 | 170,001 | 303,006,412 | 75,751,603 | 471,395 | 186,585,698 |
| 1916 | 175,923 | 248,326,445 | 70,956,464 | 82,818 | 139,616,532 | 258,741 | 387,942,977 | 96,985,744 | 410,972 | 162,627,300 |
| 1917 | 111,845 | 176,934,869 | 46,119,953 | 86,909 | 148,290,803 | 198,754 | 325,225,672 | 81,306,418 | 373,187 | 147,167,250 |
| 1918 | 94,071 | 153,463,774 | 40,025,958 | 71,424 | 126,063,308 | 165,495 | 279,527,082 | 69,881,770 | 193,275 | 75,599,059 |
| 1919 | 132,112 | 219,343,388 | 56,536,165 | 116,313 | 202,286,577 | 248,425 | 421,629,965 | 105,407,491 | 372,212 | 146,832,081 |
| 1920 | 149,552 | 241,230,910 | 61,482,863 | 157,042 | 120,332,112 | 306,594 | 361,563,022 | 90,390,755 | 288,778 | 113,351,962 |
| 1921 | 120,739 | 212,563,435 | 53,577,720 | 99,518 | 159,572,347 | 220,257 | 372,135,782 | 93,033,945 | 314,330 | 124,310,163 |
| 1922 | 138,769 | 254,292,354 | 65,928,239 | 100,581 | 176,411,422 | 239,350 | 430,703,776 | 107,675,944 | 267,711 | 105,122,885 |
| 1923 | 173,381 | 304,497,408 | 69,452,982 | 110,243 | 180,990,710 | 283,624 | 485,488,118 | 121,372,029 | 215,036 | 83,657,151 |
| 1924 | 177,950 | 320,087,971 | 75,657,413 | 103,999 | 169,055,231 | 281,949 | 489,143,202 | 122,285,800 | 175,175 | 67,861,329 |
| 1925 | 133,458 | 233,217,232 | 55,688,235 | 96,447 | 158,069,128 | 229,905 | 391,286,360 | 97,821,590 | 176,210 | 67,892,155 |
| 1926 | 119,331 | 210,752,239 | 50,243,116 | 112,795 | 180,075,412 | 232,126 | 390,827,651 | 97,706,912 | 175,869 | 67,786,883 |
| 1927 | 130,963 | 229,773,883 | 55,215,566 | 118,474 | 196,438,974 | 249,437 | 426,212,857 | 106,553,214 | 156,999 | 60,555,498 |
| 1928 | 100,699 | 177,282,508 | 34,777,044 | 97,936 | 157,677,505 | 198,635 | 334,960,013 | 83,740,003 | 102,954 | 40,816,700 |
| 1929 | 106,748 | 193,179,168 | 38,635,833 | 82,351 | 147,586,666 | 189,099 | 340,765,834 | 85,191,458 | 125,577 | 54,361,428 |
| 1930 | 136,281 | 241,220,836 | 48,964,399 | 75,555 | 122,465,715 | 211,836 | 363,686,551 | 90,921,637 | 126,006 | 50,490,540 |
| 1931 | 192,578 | 342,654,885 | 68,686,328 | 80,346 | 127,129,785 | 272,924 | 469,784,670 | 117,446,167 | 142,236 | 65,666,253 |
| 1932 | 294,483 | 794,303,908 | 106,795,020 | 72,177 | 108,236,606 | 366,660 | 902,540,514 | 225,635,128 | 122,156 | 46,294,310 |
| 1933 | 209,259 | 390,535,659 | 78,065,873 | 58,052 | 87,899,698 | 267,311 | 478,435,357 | 119,608,839 | 112,059 | 43,557,629 |
| 1934 | 229,024 | 414,324,303 | 86,762,142 | 65,728 | 94,046,841 | 294,752 | 508,371,144 | 127,092,786 | 94,853 | 37,126,195 |
| 1935 | 216,300 | 383,877,416 | 76,775,483 | 55,416 | 81,771,947 | 271,716 | 465,649,363 | 116,412,340 | 88,088 | 34,626,637 |
| 1936 | 243,834 | 442,916,172 | 88,583,234 | 58,167 | 84,883,124 | 302,001 | 527,799,296 | 131,949,824 | 80,995 | 31,337,340 |
| 1937 | 263,665 | 406,706,851 | 81,341,332 | 98,229 | 105,542,821 | 361,894 | 512,249,672 | 128,062,418 | 99,726 | 33,158,260 |
| 1938 | 222,819 | 497,943,219 | 99,588,644 | 68,733 | 90,598,779 | 291,552 | 588,541,998 | 147,135,499 | 133,719 | 53,845,533 |
| 1939 | 214,894 | 402,959,694 | 80,591,939 | 74,921 | 89,945,061 | 289,815 | 492,904,755 | 123,226,189 | 101,524 | 39,757,666 |
| 1940 | 201,513 | 302,405,778 | 60,481,156 | 115,362 | 160,859,627 | 316,875 | 463,265,405 | 115,816,351 | 94,721 | 35,675,019 |
| 1941 | 296,697 | 419,784,283 | 83,956,857 | 226,989 | 324,513,230 | 523,686 | 744,297,513 | 186,074,378 | 158,184 | 61,449,881 |
| 1942 | 390,241 | 552,134,680 | 110,426,936 | 290,590 | 417,484,050 | 680,831 | 969,618,730 | 242,404,682 | 150,350 | 55,111,582 |

* The weights have been arrived at by dividing the length in yards by 4.00 the average weight of the Grey and Bleached Cloth.

## COAL.

*Imports of Coal into Bombay by Sea and Rail.*

The following return of the Imports of Coal into Bombay by Sea and Rail in the years 1936 to 1942 is printed for the information of members :—

| From | 1936. | 1937. | 1938. | 1939. | 1940. | 1941. | 1942. |
|---|---|---|---|---|---|---|---|
| *By Sea.* | Tons. | Tons. | Tons. | Tons. | Tons | Tons. | Tons. |
| Europe .. .. .. | 5,875 | 14,240 | 9,611 | 200 | 1,422 | 400 | .. |
| Australia .. .. | 4,584 | 2,751 | .. | .. | .. | .. | .. |
| Japan .. .. .. | 1,325 | 469 | 98 | .. | .. | .. | .. |
| Africa .. .. .. | 15,805 | 8,643 | 14,552 | 17,006 | 410 | 1,090 | 5,850 |
| Other Foreign Countries | .. | .. | .. | 285 | 45 | .. | .. |
| Bengal.. .. .. | 447,377 | 215,058 | 341,951 | 412,053 | 41,942 | 3,495 | 35,605 |
| Total—By Sea .. | 474,966 | 241,161 | 366,212 | 429,544 | 43,819 | 4,985 | 41,455 |
| Total—By Rail .. | 22,022 | 130,113 | 167,845 | 232,294 | 623,446 | *774,069 | *768,984 |
| Grand Total .. | 496,988 | 371,274 | 534,057 | 661,838 | 667,265 | *779,054 | *810,439 |

*Arrivals by the Bombay Port Trust Railway are not included.

## WHEAT.

The total area reported for the season 1941-42 was 33,979,000 acres as against 34,849,000 acres the previous year, or a decrease of 870,000 acres or 2.5 per cent. The total yield of the crop was estimated at 10,070,000 tons as compared with 10,027,000 tons the previous year or an increase of 43,000 tons or 0.43 per cent.

The following figures show the total Acreage and Outturn of Wheat in each official year from 1892-93 to 1941-42 :—

| Years | Area (in thousand Acres). | Outturn (in thousand Tons). |
|---|---|---|
| 1892-93 .. .. | 27,759 | 7,649 |
| 1893-94 .. .. | 28,717 | 7,269 |
| 1894-95 . .. | 28,422 | 6,999 |
| 1895-96 .. .. | 24,071 | 5,380 |
| 1896-97 .. .. | 20,580 | 5,363 |
| 1897-98 .. .. | 24,538 | 7,208 |
| 1898-99 . .. | 25,370 | 6,838 |

WHEAT STATISTICS—*contd.*

| Years | Area (in thousand Acres). | Outturn (in thousand Tons). |
|---|---|---|
| 1899-1900 | 18,688 | 5,357 |
| 1900-01 | 23,868 | 7,094 |
| 1901-02 | 23,446 | 6,091 |
| 1902-03 | 23,433 | 7,971 |
| 1903-04 | 28,413 | 9,641 |
| 1904-05 | 28,470 | 7,582 |
| 1905-06 | 26,296 | 8,579 |
| 1906-07 | 28,536 | 8,159 |
| 1907-08 | 22,806 | 6,104 |
| 1908-09 | 26,068 | 7,598 |
| 1909-10 | 28,018 | 9,591 |
| 1910-11 | 30,490 | 10,041 |
| 1911-12 | 31,141 | 9,925 |
| 1912-13 | 29,524 | 9,715 |
| 1913-14 | 28,475 | 8,358 |
| 1914-15 | 32,475 | 10,091 |
| 1915-16 | 30,320 | 8,652 |
| 1916-17 | 32,940 | 10,234 |
| 1917-18 | 35,487 | 9,922 |
| 1918-19 | 23,798 | 7,508 |
| 1919-20 | 29,949 | 10,122 |
| 1920-21 | 25,783 | 6,706 |
| 1921-22 | 28,207 | 9,830 |
| 1922-23 | 30,844 | 9,982 |
| 1923-24 | 31,181 | 9,660 |
| 1924-25 | 31,774 | 8,866 |
| 1925-26 | 30,471 | 8,696 |
| 1926-27 | 31,303 | 8,973 |
| 1927-28 | 32,193 | 7,791 |
| 1928-29 | 31,973 | 8,591 |
| 1929-30 | 31,654 | 10,469 |
| 1930-31 | 32,189 | 9,305 |
| 1931-32 | 33,803 | 9,024 |
| 1932-33 | 32,970 | 9,449 |
| 1933-34 | 35,992 | 9,414 |
| 1934-35 | 34,490 | 9,728 |
| 1935-36 | 33,639 | 9,420 |
| 1936-37 | 33,215 | 9,752 |
| 1937-38 | 35,640 | 10,764 |
| 1938-39 | 35,441 | 9,963 |
| 1939-40 | 34,009 | 10,767 |
| 1940-41 | 34,849 | 10,027 |
| 1941-42* | 33,979 | 10,070 |

*Subject to revision.

## Estimate of the Wheat Crop of the Season 1941-42. Share of each Province and State of Area and Yield for 1940-41 and 1941-42. (000's omitted).

| Provinces and States. | Area (in Acres). | | | Yield (in Tons). | | | Increase or Decrease in the Current Year over (Per cent.) | | | | Yield per Acre. (Lbs.) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Area. | | Yield. | | | |
| | Current Year 1941-42. | Previous Year 1940-41. | Average of preceding 5 Years. | Current Year 1941-42. | Previous Year 1940-41. | Average of preceding 5 Years. | Previous Year 1940-41. | Average of preceding 5 Years. | Previous Year 1940-41. | Average of preceding 5 Years. | 1941-42. | 1940-41. |
| *British Provinces.* | | | | | | | | | | | | |
| Punjab | 9,994 | 9,884 | 9,547 | 3,873 | 3,339 | 3,453 | + 1.1 | + 4.7 | +16.0 | +12.8 | 868 | 757 |
| United Provinces | 7,873 | 7,935 | 7,885 | 2,608 | 2,826 | 2,753 | — 0.8 | — 0.2 | — 7.7 | — 5.3 | 742 | 798 |
| Central Provinces and Berar | 2,854 | 3,229 | 3,290 | 388 | 572 | 640 | —11.6 | —13.3 | —32.2 | —39.4 | 305 | 397 |
| Bombay | 1,555 | 1,752 | 1,745 | 241 | 320 | 317 | —11.2 | —10.9 | —24.7 | —24.0 | 347 | 409 |
| Sind | 1,175 | 1,204 | 1,130 | 380 | 323 | 332 | — 2.4 | + 4.0 | +17.6 | +14.5 | 724 | 601 |
| Bihar | 1,300 | 1,096 | 1,120 | 485 | 405 | 419 | +18.6 | +16.1 | +19.8 | +15.8 | 836 | 828 |
| North-West Frontier Provinces | 1,062 | 1,088 | 1,007 | 238 | 248 | 259 | — 2.4 | + 5.5 | — 4.0 | — 8.1 | 502 | 511 |
| Bengal | 170 | 169 | 158 | 41 | 34 | 42 | + 0.6 | + 7.6 | +20.6 | — 2.4 | 540 | 451 |
| Delhi | 45 | 48 | 45 | 11 | 16 | 16 | — 6.2 | .. | —31.2 | —31.2 | 548 | 747 |
| Ajmer-Merwara | 15 | 24 | 17 | 5 | 7 | 5 | —37.5 | —11.8 | —28.6 | .. | 747 | 653 |
| Orissa | 4 | 4 | 4 | 1 | 1 | 1 | .. | | .. | .. | 560 | 560 |
| Total British Provinces | 26,047 | 26,433 | 25,948 | 8,271 | 8,091 | 8,217 | — 1.5 | + 0.4 | + 2.2 | + 0.7 | 711 | 686 |
| *Indian States* | | | | | | | | | | | | |
| Punjab States | 1,616 | 1,522 | 1,475 | 520 | 488 | 471 | + 6.2 | + 9.6 | + 6.6 | +10.4 | 721 | 718 |
| United Provinces State (Rampur) | 128 | 112 | 115 | 49 | 35 | 31 | +14.3 | +11.3 | +40.0 | +58.1 | 857 | 700 |
| Eastern Agency States | 72 | 76 | 76 | 12 | 10 | 13 | — 5.3 | — 5.3 | +20.0 | — 7.7 | 373 | 295 |
| Bombay States | 365 | 349 | 405 | 95 | 83 | 113 | + 4.6 | — 9.9 | +14.5 | —15.9 | 583 | 533 |
| Sind State (Khairpur) | 101 | 100 | 95 | 30 | 28 | 30 | + 1.0 | + 6.3 | + 7.1 | .. | 665 | 627 |
| Central India States | 1,919 | 2,212 | 2,137 | 288 | 378 | 375 | —13.2 | —10.2 | —23.8 | —23.2 | 336 | 383 |
| Gwalior State | 1,314 | 1,533 | 1,550 | 299 | 338 | 366 | —14.3 | —15.2 | —11.5 | —18.3 | 510 | 494 |
| Rajputana States | 1,220 | 1,347 | 1,352 | 331 | 377 | 364 | — 9.4 | — 9.8 | —12.2 | — 9.1 | 608 | 627 |
| Hyderabad State | 1,125 | 1,090 | 1,248 | 134 | 150 | 169 | + 3.2 | — 9.9 | —10.7 | —20.7 | 267 | 308 |
| Baroda State | 69 | 72 | 74 | 41 | 49 | 24 | — 4.2 | — 6.8 | —16.3 | +70.8 | 1,331 | 1,325 |
| Mysore State | 3 | 3 | 3 | (a) | (b) | 1 | .. | .. | .. | .. | 373 | 299 |
| Total Indian States | 7,932 | 8,416 | 8,530 | 1,799 | 1,936 | 1,957 | — 5.8 | — 7.0 | — 7.1 | — 8.1 | 508 | 515 |
| Grand Total | 33,979 | 34,849 | 34,478 | 10,070 | 10,027 | 10,174 | — 2.5 | — 1.4 | + 0.4 | — 1.0 | 664 | 645 |

(a) 500 tons. (b) 400 tons.

## COTTON 1941-42.

The preliminary Government forecast issued in August 1941 and relating to about 80 per cent. of the total area indicated an acreage of 12,475,000 acres as compared with 13,454,000 acres at the corresponding time the year previous, a decrease of 7 per cent. The reduction was chiefly due to restricted sowings in the Hyderabad State owing to scanty rainfall. Weather conditions at sowing time were not favourable and sowings were generally delayed or restricted owing to insufficient and late rains.

The final estimate issued in a supplementary memorandum at the end of April 1942 for the whole of India was 23,547,000 acres as compared with 23,286,000 acres (revised) for the season 1940-41, an increase of 1 per cent.

Government estimated the final yield at 5,980,000 bales as compared with 5,903,000 bales (revised) for the season 1940-41, an increase of 1 per cent. Private estimates based on actual pressings plus loose offtake were higher by a million bales without taking into consideration the 450,000 bales put down for domestic consumption.

The following figures show the movement of cotton through Bombay during the season 1941-42 :

| | | Bales |
|---|---|---|
| Stocks on 1st September 1941, including mill stocks as estimated by the East India Cotton Association, Ltd. | | 1,227,439 |
| Arrivals by rail and sea during the year ending 31st August 1942 | | 1,963,810 |
| Arrivals by road as estimated by the East India Cotton Association, Ltd. | | 87,681 |
| | | 3,278,930 |
| Exports during the year ending 31st August 1942 :— | | |
| Indian Ports | 57,692 | |
| Foreign Countries | 310,232 | |
| | | 367,924 |
| By rail up-country | | 609,973 |
| | | 977,897 |
| Bombay mill consumption | | 1,310,034 |
| | | 2,287,931 |
| *Estimated carry-over on 31st August 1942 | | 990,999 |
| Total | | 3,278,930 |

*The East India Cotton Association Ltd., estimated the stocks as 1,053,508 bales.

Since the last two seasons the cotton trade in India has been gradually adjusting itself to the conditions imposed by the war, and this process of adjustment is still going on. For years past India was exporting large quantities of short and medium staple cotton to the Continent and to the Far East. During the first two years of the war India lost all the Continental markets and during the season under review the entry of Japan into the war on the side of the Axis closed the last important outlet for surplus Indian cotton. Despite the enormously increased output of Indian mills and their consequent heavy purchases of Indian cotton, mostly of the staple varieties, it was not possible for India to take care of the very large crop grown last year. This was chiefly due to the fact that a large portion of the crop consisted of the short and medium staple varieties which were usually grown for export purposes. The unexpected fall in exports led to a heavy accumulation of stocks both inland and at ports which finally resulted in a record carry-over of about 3 million bales at the end of season 1941-42. This position is now being corrected by reducing cotton acreage in India and eliminating as far as possible the short staple varieties for which there is no market at present. The measures adopted by Government towards this end are meeting with fairly favourable results.

Trading began in Bombay on September 1, 1941, with Broach April/May 1942, quoted Rs. 275¼, Oomra December/-January Rs. 216 and Bengal December/January Rs. 162. By September 9 Broach April/May had advanced to Rs. 283¼, the highest of the season for Broach, when lack of further buying incentives and evidence of improving Indian crop conditions, following a somewhat defective monsoon, started a down-drift which continued until on October 11 the Broach contract was traded as low as Rs. 207¼. Thereafter there was a temporary recovery and Broach advanced to Rs. 248¼ on November 10. Thenceforward price fluctuations were moderate but on Saturday, December 6, the last trading day before Japan's entry into the war, a high of Rs. 251¼ was touched.

Although the freezing of Japanese assets on July 26, 1941, had, in effect, closed down trading with Japan and even led to a throw back of cotton on to the Indian market, the Japanese declaration of war on the United Nations, not only closed down the Far East completely, so far as Indian cotton was concerned, but also added greatly to the shipping difficulties with which India was faced.

On December 8 the market opened at Rs. 233, i.e., about Rs. 17 under the previous close of Rs. 250¼. Thereafter prices remained fairly steady until towards the end of December when there was a further dip to Rs. 211¾ on December 29. On the last day of the calendar year Broach April/May closed at Rs. 218¼.

1942 began somewhat diffidently with Broach April/May fluctuating between Rs. 210 and Rs. 220. During the early months of the year Japanese successes in the war theatre were a constant menace to market morale and on February 5 prices dropped under Rs. 200, there to stay, except for a temporary upward swing in mid-February.

Throughout March not only did the Far Eastern war approach much nearer to Indian shores but the accumulation of stocks, especially of Broach cotton, weighed heavily on the futures market, which, as was to be expected under such conditions, dropped still lower. The closing rate on March 31 for April/May Broach contract was Rs. 150½, at which time the discount for Broach April/May against July/August was no less than Rs. 22½. Confidence in commodity values was greatly shaken by the war panic which prevailed at the time. Cotton was looked upon as a bad investment and holders wanted to get rid of it, particularly stocks held in the port of Bombay. The April/May Broach contract was finally settled on May 25, on basis of Rs. 174, the rate fixed by the Board. The Oomra and Bengal May contracts were settled on the basis of Rs. 156, and Rs. 144 respectively.

Thereafter there was a slow improvement in prices. In the first week of June Broach July/August was traded as high as Rs. 202½. War news was still far from inspiring. Trading in futures was, however, necessarily limited by the fact that it was known that new crop trading would not be opened in the Broach, Oomra and Bengal contracts and for the time being there could be no switch into more distant hedges. Nevertheless, the undertone of the market remained fairly good and after an earlier downward move to Rs. 183½ for Broach July/August on June 13, there was a gradual recovery to Rs. 222 which was touched on July 13. Prices thereafter fluctuated within narrow limits but on discouraging war news and unfavourable political developments selling became more pronounced and Broach July/August dropped to Rs. 197 on July 31. The Oomra and Bengal July contracts were finally settled on the basis of Rs. 203 and Rs. 195 respectively the rates fixed by the Board on July 25, the due date.

On Sunday, August 9, following the meeting of the All-India Congress Committee in Bombay, the Congress leaders were arrested and thereafter, with the exception of trading on Saturday, August 22, the futures ring transacted no further business up to the end of the season. The closing rate for Broach July/-August on August 22 was Rs. 190¾. The contract finally ran out on August 24 on the basis of Rs. 188, the rate fixed by the Board.

With the elimination of short staple varieties in India and the change over to fair and long staple cotton on a greatly in-

creased scale, it was found necessary also to change the old Hedge Contracts, Fgd. Broach, Fine Oomra and Fgd. Bengal. These three contracts have now been removed and replaced by a single Hedge Contract known as Indian Cotton Contract which is to remain in force during the war and for a reasonable period thereafter. Trading in this new contract commenced on July 15 with the January 1943 position quoted at Rs. 355¼. After some brisk buying the price rapidly advanced to Rs. 365 and at the close of trading on that day the rate was Rs. 357¼, Rs. 140¼ over Broach July/August. Subsequently the price advanced to a peak of Rs. 370¼ on July 21 before liquidation was induced partly by the price level itself and partly by the gathering political trouble. Once it began, the subsequent downward movement steepened until on August 6 the new Indian Cotton Contract, January delivery, was traded as low as Rs. 300½. On August 22, the day on which there was trading, the new contract opened at Rs. 308, fluctuated between Rs. 307½ and Rs. 319¼ and closed at Rs. 317.

The following table gives details of arrivals into Bombay by Sea and Rail (arrivals by Road are not included) during the season with the total of the five previous years. (Actual weight converted into Bales of 3½ cwts. in each, after allowing 2 per cent. for tare in the case of receipts by rail.) Season ending 31st August in each case :—

| Varieties. | 1941-42. | 1940-41. | 1939-40. | 1938-39. | 1937-38. | 1936-37. |
|---|---|---|---|---|---|---|
| | Bales. | Bales. | Bales. | Bales. | Bales. | Bales. |
| Khandeish .. .. .. .. | 88,592 | 100,995 | 55,644 | 38,888 | 53,980 | 206,505 |
| Central India .. .. .. .. | 31,284 | 149,983 | 109,361 | 225,421 | 53,231 | 338,845 |
| Barsi Nugger .. .. .. .. | 55,617 | 125,098 | 114,118 | 96,307 | 150,436 | 174,497 |
| Hyderabad Gaorani .. .. .. | 19,245 | 50,854 | 48,009 | 4,474 | 40,380 | 101,682 |
| Berar .. .. .. .. .. | 179,814 | 386,742 | 318,618 | 163,102 | 335,987 | 579,602 |
| Central Provinces .. .. .. | 87,565 | 78,308 | 76,962 | 40,080 | 87,123 | 114,551 |
| Dhollera .. .. .. .. | 34,832 | 102,458 | 89,297 | 278,134 | 160,279 | 183,099 |
| North-West Provinces .. .. | 1,425 | 2,049 | 26,070 | 10,893 | 3,112 | 10,399 |
| Rajputana .. .. .. .. | 470 | 6,778 | 35,228 | 82,019 | 16,929 | 97,443 |
| Sind Punjab .. .. .. .. .. | 448,957 | 578,393 | 387,570 | 340,866 | 528,924 | 354,809 |
| Broach .. .. .. .. .. | 321,774 | 299,943 | 409,044 | 415,085 | 267,780 | 343,200 |
| Compta/Dharwars .. .. .. | 54,332 | 155,178 | 53,357 | 155,706 | 86,276 | 74,887 |
| Westerns/Northerns .. .. .. | 48,003 | 113,567 | 38,178 | 99,914 | 30,522 | 40,743 |
| Cocanada .. .. .. .. | .. | 239 | 86 | 98 | 23 | 155 |
| Tinnevelly and Cambodia .. .. | 21,873 | 16,998 | 1,412 | 2,677 | 9,639 | 22,333 |
| Soudan .. .. .. .. | | | | 66,471 | 68,000 | 79,824 |
| Americans .. .. .. .. | | | | 3,487 | 178,188 | 20,546 |
| Egyptians (other than Soudan) .. | 5,70,027 | 669,360 | 484,994 | 91,869 | 139,314 | 101,701 |
| Africans, East .. .. .. .. | | | | 238,889 | 341,809 | 284,248 |
| Comilla, Burmah and other Sorts .. | | | | ‡ 267 | * 1,240 | † 260 |
| Total .. | 19,63,810 | 2,836,943 | 2,247,957 | 2,354,647 | 2,553,178 | 3,129,329 |

* Consisting of 1,107 Bales of Burmah, 69 Bales of Calcutta, 52 Bales of Turkistan Cotton and 12 Bales of Persians.
† Including 106 Bales of Russian Cotton and 14 Bales of Persians.
‡ Consisting of 3 Bales of Burmah, 4 Bales of China and 260 Bales of Calcutta Cotton.

## RECEIPTS at, and Exports from, Bombay Port, also Mill Consumption in the Island of Bombay, since 1864.

In thousands of Bales (000's omitted).

| Year ending 30th June. | Receipts. | EXPORTS TO | | | Mill Consumption. | Total. | Year ending 30th June. | Receipts. | EXPORTS TO | | | Mill Consumption. | Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Europe. | Elsewhere. | Total. | | | | | Europe. | Elsewhere. | Total. | | |
| 1864 .. | .. | 867 | 3 | 870 | American War. In 1863 and 1864 Bombay imported Cotton from China. | | 1888 .. | 1,472 | 893 | 58 | 951 | 500 | 1,451 |
| | | | | | | | 1889 .. | 1,851 | 1,286 | 46 | 1,332 | 565 | 1,897 |
| | | | | | | | 1890 .. | 2,235 | 1,488 | 71 | 1,559 | 636 | 2,195 |
| | | | | | | | 1891 .. | 2,020 | 1,070 | 107 | 1,177 | 762 | 1,939 |
| 1865 .. | .. | 1,065 | 1 | 1,066 | | | 1892 .. | 1,770 | 905 | 202 | 1,107 | 728 | 1,835 |
| 1866 .. | .. | 1,187 | 14 | 1,201 | 42 | 1,243 | 1893 .. | 1,738 | 816 | 169 | 985 | 724 | 1,709 |
| 1867 .. | .. | 1,277 | 5 | 1,282 | 46 | 1,328 | 1894 .. | 1,769 | 908 | 159 | 1,067 | 731 | 1,798 |
| 1868 .. | .. | 1,030 | 48 | 1,078 | 47 | 1,125 | 1895 .. | 1,540 | 525 | 143 | 668 | 815 | 1,483 |
| 1869 .. | .. | 1,225 | 56 | 1,281 | 48 | 1,329 | 1896 .. | 2,151 | 800 | 346 | 1,146 | 849 | 1,995 |
| 1870 .. | .. | 1,115 | 50 | 1,165 | 49 | 1,214 | 1897 .. | 1,612 | 603 | 405 | 1,008 | 703 | 1,711 |
| 1871 .. | .. | 967 | 39 | 1,006 | 50 | 1,056 | 1898 .. | 1,730 | 424 | 409 | 833 | 817 | 1,650 |
| 1872 .. | 1,085 | 1,002 | 48 | 1,050 | 52 | 1,102 | 1899 .. | 2,033 | 578 | 520 | 1,098 | 951 | 2,049 |
| 1873 .. | 1,151 | 1,079 | 34 | 1,113 | 53 | 1,166 | 1900 .. | 988 | 117 | 444 | 561 | 745 | 1,306 |
| 1874 .. | 978 | 917 | 34 | 951 | 67 | 1,018 | 1901 .. | 1,896 | 620 | 340 | 960 | 696 | 1,656 |
| 1875 .. | 1,311 | 1,192 | 25 | 1,217 | 83 | 1,300 | 1902 .. | 2,142 | 525 | 732 | 1,257 | 987 | 2,244 |
| 1876 .. | 1,345 | 1,285 | 20 | 1,305 | 135 | 1,440 | 1903 .. | 2,454 | 921 | 349 | 1,270 | 986 | 2,256 |
| 1877 .. | 1,073 | 980 | 35 | 1,015 | 147 | 1,162 | 1904 .. | 2,151 | 1,036 | 423 | 1,459 | 973 | 2,432 |
| 1878 .. | 1,141 | 920 | 38 | 958 | 161 | 1,119 | 1905 .. | 2,609 | 384 | 664 | 1,048 | 1,072 | 2,120 |
| 1879 .. | 961 | 800 | 46 | 846 | 204 | 1,050 | 1906 .. | 2,663 | 1,017 | 477 | 1,494 | 1,141 | 2,635 |
| 1880 .. | 832 | 652 | 64 | 716 | 181 | 897 | 1907 .. | 2,949 | 1,169 | 747 | 1,916 | 1,116 | 3,032 |
| 1881 .. | 1,171 | 874 | 34 | 908 | 220 | 1,128 | 1908 .. | 2,123 | 731 | 454 | 1,185 | 1,079 | 2,264 |
| 1882 .. | 1,832 | 1,521 | 87 | 1,608 | 277 | 1,885 | 1909 .. | 2,166 | 643 | 723 | 1,366 | 1,099 | 2,465 |
| 1883 .. | 1,770 | 1,335 | 95 | 1,430 | 313 | 1,743 | 1910 .. | 3,152 | 1,054 | 968 | 2,022 | 984 | 3,006 |
| 1884 .. | 1,759 | 1,295 | 100 | 1,395 | 348 | 1,743 | 1911 .. | 2,467 | 1,014 | 668 | 1,682 | 953 | 2,635 |
| 1885 .. | 1,139 | 791 | 70 | 861 | 392 | 1,253 | 1912 .. | 2,540 | 383 | 923 | 1,306 | 1,078 | 2,384 |
| 1886 .. | 1,480 | 1,009 | 61 | 1,070 | 391 | 1,461 | | | | | | | |
| 1887 .. | 1,703 | 1,147 | 40 | 1,187 | 454 | 1,641 | | | | | | | |

# COTTON.

## RECEIPTS at, and Exports from, Bombay Port, also Mill Consumption in the Island of Bombay, since 1864

In thousands of Bales (000's omitted). —*contd.*

| Year ending 31st August. | Receipts. | | Total Receipts. | Exports. | | | Total Exports. | Mill Consumption. | Total. |
|---|---|---|---|---|---|---|---|---|---|
| | India. | Foreign Countries | | Europe. | China and Japan. | Elsewhere. | | | |
| 1913 .. .. | 2,733 | 46 | 2,779 | 534 | 1,023 | 30 | 1,587 | *1,072 | 2,659 |
| 1914 .. .. | 3,733 | 6 | 3,739 | 1,301 | 1,245 | 24 | 2,570 | 1,078 | 3,648 |
| 1915 .. .. | 2,683 | 5 | 2,688 | 405 | 1,441 | 15 | 1,861 | 1,026 | 2,887 |
| 1916 .. .. | 3,133 | 6 | 3,139 | 294 | 1,691 | 8 | 1,993 | 1,096 | 3,089 |
| 1917 .. .. | 3,103 | 17 | 3,120 | 302 | 1,321 | 7 | 1,630 | 1,136 | 2,765 |
| 1918 .. .. | 2,279 | 27 | 2,306 | 293 | 1,213 | 7 | 1,513 | 1,068 | 2,581 |
| 1919 .. .. | 2,525 | 18 | 2,543 | 195 | 885 | 11 | 1,091 | 1,000 | 2,091 |
| 1920 .. .. | 3,405 | 22 | 3,427 | 629 | 1,579 | 24 | 2,232 | 957 | 3,189 |
| 1921 .. .. | 2,786 | 116 | 2,902 | 494 | 1,381 | 26 | 1,901 | 1,061 | 2,962 |
| 1922 .. .. | 3,383 | 109 | 3,492 | 645 | 1,896 | 52 | 2,593 | 1,074 | 3,667 |
| 1923 .. .. | 3,611 | 61 | 3,672 | 851 | 2,086 | 53 | 2,990 | 1,060 | 4,050 |
| 1924 .. .. | 3,227 | 93 | 3,320 | 1,104 | 1,558 | 53 | 2,715 | 821 | 3,536 |
| 1925 .. .. | 3,573 | 95 | 3,668 | 713 | 2,021 | 33 | 2,767 | 995 | 3,762 |
| 1926 .. .. | 3,208 | 127 | 3,335 | 552 | 1,874 | 26 | 2,452 | 778 | 3,230 |
| 1927 .. .. | 2,692 | 474 | 3,166 | 419 | 1,539 | 27 | 1,985 | 995 | 2,980 |
| 1928 .. .. | 3,235 | 189 | 3,424 | 798 | 1,391 | 34 | 2,223 | 569 | 2,792 |
| 1929 .. .. | 3,233 | 123 | 3,356 | 906 | 1,796 | 61 | 2,763 | 631 | 3,394 |
| 1930 .. .. | 3,317 | 163 | 3,480 | 946 | 1,647 | 63 | 2,656 | 877 | 3,533 |
| 1931 .. .. | 2,933 | 470 | 3,403 | 599 | 1,903 | 27 | 2,529 | 839 | 3,368 |
| 1932 .. .. | 1,557 | 538 | 2,095 | 154 | 762 | 38 | 954 | 921 | 1,875 |
| 1933 .. .. | 2,286 | 249 | 2,535 | 426 | 1,200 | 30 | 1,656 | 798 | 2,454 |
| 1934 .. .. | 2,293 | 223 | 2,516 | 396 | 1,136 | 23 | 1,555 | 613 | 2,168 |
| 1935 .. .. | 2,031 | 471 | 2,502 | 413 | 1,171 | 34 | 1,618 | 885 | 2,503 |
| 1936 .. .. | 2,877 | 293 | 3,170 | 516 | 1,464 | 34 | 2,014 | 836 | 2,850 |
| 1937 .. .. | 2,643 | 486 | 3,129 | 487 | 1,591 | 53 | 2,131 | 828 | 2,959 |
| 1938 .. .. | 1,825 | 728 | 2,553 | 354 | 803 | 64 | 1,221 | 1,037 | 2,258 |
| 1939 .. .. | 1,953 | 401 | 2,354 | 138 | 865 | 21 | 1,024 | 987 | 2,011 |
| 1940 .. .. | 1,763 | 485 | 2,248 | .. | .. | .. | 1,283 | 813 | 2,096 |
| 1941 .. .. | 2,167 | 670 | 2,837 | .. | .. | .. | 1,048 | 1,148 | 2,196 |
| 1942 .. .. | 1,394 | 570 | 1,964 | .. | .. | .. | 368 | 1,310 | 1,678 |

*N.B.*—As noted in the Chamber's Report for 1913, the figures shown above represent the volume of trade in cotton from 1st September to 31st August instead of for the year ending 30th June as was previously the case.

*Year ending 30th June.

# RAINFALL AT BOMBAY, 1843 TO 1942.

The following statement showing the Rainfall recorded at the Colaba Observatory, Bombay, for each month during the years 1843-1942, is published for the information of members :—

| Year. | January. | February. | March. | April. | May. | June. | July. | August. | September. | October. | November. | December. | Annual Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1843 | .. | .. | .. | .. | 0.15 | 7.61 | 20.62 | 17.70 | 8.39 | 0.77 | .. | .. | 55.24 |
| 1844 | 0.06 | 0.33 | .. | .. | .. | 18.58 | 29.28 | 5.91 | 8.05 | 0.40 | .. | 0.10 | 62.71 |
| 1845 | .. | .. | .. | .. | .. | 17.88 | 18.07 | 9.54 | 8.63 | .. | .. | .. | 54.12 |
| 1846 | .. | .. | .. | .. | .. | 26.41 | 33.19 | 6.65 | 6.65 | 1.03 | .. | .. | 73.93 |
| 1847 | 0.09 | 0.02 | .. | 0.31 | 1.40 | 37.56 | 16.46 | 8.68 | 5.68 | 0.28 | 5.53 | .. | 76.01 |
| 1848 | .. | .. | .. | 0.59 | 5.67 | 39.98 | 13.90 | 7.37 | 2.32 | 5.84 | 0.19 | .. | 75.86 |
| 1849 | 0.34 | .. | .. | .. | .. | 23.41 | 50.99 | 12.66 | 26.13 | 0.75 | 0.61 | .. | 114.89 |
| 1850 | .. | .. | .. | .. | .. | 14.80 | 20.15 | 5.39 | 4.77 | 4.89 | 0.25 | .. | 50.25 |
| 1851 | .. | .. | .. | .. | 0.52 | 24.50 | 47.02 | 20.03 | 3.89 | 0.04 | 0.07 | .. | 96.07 |
| 1852 | .. | .. | .. | 0.01 | 0.30 | 21.76 | 22.17 | 11.16 | 12.67 | 0.19 | .. | 1.01 | 69.27 |
| 1853 | .. | 0.05 | 0.02 | .. | .. | 33.76 | 13.05 | 5.95 | 9.83 | .. | .. | .. | 62.66 |
| 1854 | .. | .. | .. | .. | .. | 16.34 | 38.95 | 3.90 | 13.61 | 7.49 | 1.85 | .. | 82.14 |
| 1855 | .. | .. | .. | .. | .. | 29.18 | 11.83 | 3.82 | 5.29 | 9.06 | .. | .. | 50.18 |
| 1856 | .. | .. | .. | .. | 2.09 | 24.66 | 24.48 | 6.73 | 7.78 | 0.06 | .. | 0.12 | 65.92 |
| 1857 | .. | .. | .. | .. | 0.57 | 9.26 | 8.74 | 15.71 | 14.21 | 2.78 | .. | .. | 51.27 |
| 1858 | .. | .. | .. | 0.15 | 1.57 | 14.44 | 20.12 | 7.48 | 15.47 | 3.22 | .. | .. | 62.45 |
| 1859 | .. | .. | .. | .. | .. | 26.87 | 28.70 | 14.59 | 5.94 | 1.06 | .. | .. | 77.16 |
| 1860 | .. | .. | .. | .. | 0.03 | 21.97 | 22.39 | 7.11 | 8.15 | 2.50 | .. | .. | 62.15 |
| 1861 | .. | .. | .. | .. | 0.69 | 15.43 | 25.34 | 30.35 | 3.24 | 1.86 | .. | .. | 76.91 |
| 1862 | .. | .. | .. | .. | 0.01 | 22.31 | 15.10 | 12.65 | 21.69 | 1.42 | 0.45 | .. | 73.63 |
| 1863 | 0.41 | .. | .. | 0.11 | 0.07 | 23.41 | 30.78 | 10.60 | 9.98 | 2.32 | .. | .. | 77.68 |
| 1864 | .. | .. | .. | .. | 0.01 | 15.42 | 13.36 | 10.72 | 5.59 | .. | 0.47 | .. | 45.57 |
| 1865 | 0.38 | .. | .. | .. | .. | 10.61 | 18.28 | 36.42 | 4.86 | 6.16 | 1.14 | .. | 77.85 |
| 1866 | .. | 0.11 | .. | .. | .. | 13.47 | 40.34 | 20.34 | 3.44 | 0.74 | .. | .. | 78.44 |
| 1867 | .. | .. | .. | .. | .. | 8.70 | 39.39 | 12.21 | 6.80 | 5.07 | 0.13 | .. | 72.30 |
| 1868 | .. | .. | 0.01 | .. | .. | 13.52 | 20.43 | 20.29 | 7.71 | 0.14 | 0.02 | .. | 62.12 |
| 1869 | .. | .. | .. | .. | 0.03 | 26.22 | 23.89 | 15.24 | 22.56 | 3.55 | 0.05 | 0.12 | 91.66 |
| 1870 | .. | .. | 0.03 | 0.02 | .. | 21.73 | 26.43 | 6.27 | 7.08 | 4.65 | .. | .. | 66.21 |
| 1871 | 2.22 | .. | .. | .. | 1.25 | 8.91 | 9.96 | 8.95 | 6.01 | 0.25 | 2.97 | 0.06 | 40.58 |
| 1872 | .. | .. | .. | .. | 0.06 | 24.43 | 24.84 | 9.49 | 16.59 | 1.07 | .. | .. | 76.48 |
| 1873 | .. | 0.05 | .. | .. | 0.51 | 20.36 | 16.98 | 23.96 | 7.77 | 0.07 | .. | .. | 69.70 |
| 1874 | .. | .. | .. | .. | 0.05 | 18.68 | 41.24 | 11.14 | 11.05 | 0.02 | .. | .. | 82.18 |
| 1875 | 0.47 | .. | .. | .. | .. | 24.36 | 15.39 | 12.23 | 31.76 | .. | 0.35 | .. | 84.56 |
| 1876 | .. | .. | .. | .. | 0.01 | 12.97 | 23.69 | 8.66 | 4.68 | .. | .. | .. | 50.01 |
| 1877 | 0.22 | 0.52 | .. | .. | .. | 35.58 | 11.10 | 8.51 | 8.89 | 8.33 | .. | .. | 73.15 |
| 1878 | 0.03 | .. | .. | 0.02 | 0.02 | 19.99 | 48.33 | 20.46 | 16.42 | 4.89 | 2.61 | .. | 112.77 |
| 1879 | .. | .. | 0.03 | .. | 5.23 | 16.56 | 11.21 | 22.36 | 5.61 | 0.40 | .. | .. | 61.40 |
| 1880 | .. | 0.01 | 0.02 | .. | .. | 21.48 | 18.37 | 4.08 | 22.80 | 1.18 | .. | .. | 67.94 |
| 1881 | .. | .. | 0.04 | .. | 0.36 | 15.29 | 29.47 | 19.06 | 4.56 | 4.17 | 0.09 | .. | 73.04 |
| 1882 | .. | 0.04 | 0.02 | 0.08 | 0.02 | 27.54 | 26.94 | 3.36 | 10.08 | 1.12 | 0.03 | .. | 69.23 |
| 1883 | 0.12 | .. | .. | .. | 0.33 | 13.65 | 39.88 | 12.57 | 12.37 | 10.40 | 0.86 | .. | 90.18 |
| 1884 | 0.03 | .. | .. | .. | .. | 13.25 | 25.87 | 15.29 | 17.04 | 2.22 | 0.60 | 1.14 | 75.44 |
| 1885 | .. | .. | .. | .. | 0.02 | 5.11 | 21.81 | 25.42 | 12.01 | 3.54 | .. | .. | 67.91 |
| 1886 | .. | .. | .. | 0.01 | 0.96 | 43.45 | 35.79 | 10.69 | 6.54 | 1.69 | 0.61 | .. | 99.74 |
| 1887 | .. | .. | .. | 0.02 | 0.09 | 24.07 | 30.98 | 17.59 | 18.23 | 2.79 | 1.02 | 0.16 | 94.95 |
| 1888 | 1.85 | 0.02 | 0.10 | .. | .. | 15.76 | 22.47 | 11.43 | 4.92 | 0.11 | 1.16 | .. | 57.82 |
| 1889 | .. | .. | .. | .. | 0.67 | 19.89 | 30.45 | 10.32 | 2.71 | 3.80 | .. | .. | 67.84 |
| 1890 | .. | .. | .. | 0.01 | 0.06 | 24.55 | 21.54 | 10.61 | 6.45 | 0.58 | 1.25 | 1.13 | 66.18 |
| 1891 | .. | .. | 0.22 | .. | .. | 13.99 | 32.48 | 6.94 | 22.53 | 1.04 | .. | .. | 77.20 |
| 1892 | .. | .. | .. | .. | 0.11 | 13.30 | 23.86 | 36.56 | 18.73 | 1.89 | 0.67 | .. | 95.12 |
| 1893 | .. | 0.14 | .. | 0.02 | 6.30 | 21.47 | 13.14 | 13.55 | 7.54 | 0.45 | 1.63 | .. | 67.24 |
| 1894 | 0.22 | .. | 0.06 | 0.01 | .. | 16.87 | 26.16 | 8.40 | 12.04 | 3.08 | .. | 0.01 | 66.85 |
| 1895 | .. | 0.07 | .. | .. | 0.08 | 17.84 | 18.04 | 15.97 | 11.91 | 3.62 | 0.06 | .. | 67.59 |
| 1896 | .. | .. | .. | .. | 0.26 | 28.02 | 36.44 | 20.77 | 1.62 | 0.01 | 0.53 | .. | 87.65 |
| 1897 | 0.01 | .. | .. | .. | .. | 14.40 | 30.19 | 13.82 | 20.60 | 2.51 | 0.22 | .. | 81.75 |
| 1898 | .. | 0.17 | .. | .. | 0.16 | 27.21 | 20.72 | 5.28 | 19.94 | 0.48 | 0.13 | .. | 74.09 |
| 1899 | .. | .. | .. | 1.57 | 0.08 | 20.81 | 4.72 | 5.23 | 3.49 | .. | .. | .. | 35.90 |
| 1900 | .. | .. | .. | .. | .. | 18.26 | 25.75 | 17.62 | 7.49 | .. | .. | .. | 69.12 |
| 1901 | 0.74 | .. | .. | 0.04 | 0.01 | 25.36 | 32.70 | 14.27 | 1.81 | 0.39 | .. | .. | 75.32 |

| Year. | January. | February. | March. | April. | May. | June. | July. | August. | September. | October. | November. | December. | Annual Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1902 | .. | .. | .. | .. | .. | 9.77 | 16.96 | 16.53 | 27.11 | 0.78 | 0.01 | 81 | 71.99 |
| 1903 | .. | .. | .. | 0.17 | .. | 7.79 | 19.75 | 24.82 | 18.23 | 7.82 | 5.91 | .. | .. | 84.42 |
| 1904 | .. | .. | .. | 0.07 | .. | 0.02 | 15.10 | 10.14 | 5.72 | 1.81 | 0.56 | .. | .. | 33.42 |
| 1905 | .. | .. | 0.08 | .. | .. | .. | 6.53 | 15.30 | 4.35 | 6.16 | 0.20 | 1.04 | .. | 33.56 |
| 1906 | .. | .. | 0.16 | .. | .. | .. | 12.91 | 18.34 | 20.92 | 3.98 | .. | .. | .. | 56.30 |
| 1907 | .. | .. | 0.27 | .. | 0.06 | .. | 22.48 | 59.05 | 15.99 | 2.26 | 0.67 | .. | .. | 100.73 |
| 1908 | .. | 0.09 | 0.07 | 0.06 | .. | .. | 12.39 | 23.65 | 9.87 | 6.79 | 0.62 | .. | .. | 53.54 |
| 1909 | .. | .. | .. | .. | .. | .. | 16.60 | 30.05 | 8.52 | 16.05 | .. | .. | .. | 71.22 |
| 1910 | .. | .. | .. | .. | .. | 0.03 | 23.50 | 6.50 | 18.15 | 15.25 | 4.29 | 0.14 | .. | 57.86 |
| 1911 | .. | 0.06 | .. | .. | .. | 0.04 | 10.85 | 15.24 | 17.09 | 2.96 | .. | 0.27 | .. | 46.51 |
| 1912 | .. | .. | .. | .. | .. | 0.43 | 10.79 | 25.40 | 9.90 | 3.26 | 0.65 | 3.62 | .. | 54.05 |
| 1913 | .. | .. | 0.07 | .. | .. | .. | 25.81 | 33.33 | 3.72 | 5.75 | 2.35 | .. | .. | 71.03 |
| 1914 | .. | .. | 0.08 | .. | 0.07 | .. | 16.65 | 30.13 | 13.27 | 21.06 | 0.01 | 0.18 | .. | 81.45 |
| 1915 | .. | .. | 0.30 | 0.69 | 0.06 | 0.36 | 39.78 | 14.62 | 8.45 | 10.78 | 2.55 | 0.02 | .. | 77.67 |
| 1916 | .. | .. | .. | .. | 0.04 | 0.07 | 23.43 | 22.78 | 19.51 | 14.59 | 4.79 | 0.72 | .. | 85.93 |
| 1917 | .. | .. | 1.68 | .. | .. | 0.88 | 14.96 | 13.26 | 32.18 | 16.92 | 19.96 | .. | .. | 99.84 |
| 1918 | .. | .. | .. | 1.46 | .. | 11.00 | 10.82 | 4.25 | 4.81 | 3.11 | .. | 0.09 | .. | 35.54 |
| 1919 | .. | 0.11 | .. | .. | .. | .. | 16.31 | 31.30 | 10.85 | 8.03 | 1.54 | 0.18 | .. | 68.32 |
| 1920 | .. | 0.99 | 0.33 | .. | .. | .. | 8.16 | 22.00 | 5.18 | 4.05 | 0.34 | .. | .. | 41.05 |
| 1921 | .. | .. | .. | .. | .. | .. | 26.74 | 35.68 | 10.36 | 13.02 | 0.22 | .. | .. | 86.02 |
| 1922 | .. | .. | .. | .. | .. | .. | 26.48 | 31.15 | 5.08 | 6.95 | 0.61 | .. | 0.14 | 70.41 |
| 1923 | .. | .. | 0.05 | .. | 0.02 | .. | 7.19 | 43.26 | 8.72 | 18.32 | .. | .. | .. | 77.56 |
| 1924 | .. | .. | .. | .. | .. | .. | 7.46 | 16.73 | 15.43 | 12.13 | 0.06 | 0.38 | .. | 52.19 |
| 1925 | .. | .. | .. | .. | .. | 2.76 | 27.86 | 8.38 | 7.71 | 3.52 | 0.22 | 0.37 | .. | 50.82 |
| 1926 | .. | 2.99 | .. | .. | .. | 0.10 | 6.19 | 30.88 | 22.21 | 8.98 | 1.29 | .. | .. | 72.64 |
| 1927 | .. | .. | 0.04 | 0.03 | .. | .. | 32.52 | 16.85 | 6.74 | 5.33 | 7.30 | 5.48 | 0.09 | 74.38 |
| 1928 | .. | .. | 0.01 | .. | .. | .. | 27.71 | 30.93 | 16.65 | 9.91 | 0.43 | 0.09 | .. | 85.72 |
| 1929 | .. | 0.63 | .. | 0.02 | 0.04 | .. | 25.45 | 16.08 | 6.06 | 5.58 | 4.82 | 0.22 | 0.86 | 59.76 |
| 1930 | .. | .. | .. | .. | .. | 0.02 | 26.71 | 10.26 | 6.64 | 43.85 | 52.50 | .. | .. | 89.98 |
| 1931 | .. | .. | .. | .. | 0.01 | .. | 6.08 | 47.50 | 23.71 | 4.48 | 13.07 | 2.40 | 0.69 | 97.94 |
| 1932 | .. | .. | .. | .. | .. | .. | 10.62 | 35.30 | 6.96 | 11.13 | 9.01 | 0.01 | .. | 73.03 |
| 1933 | .. | .. | .. | .. | .. | 2.85 | 10.29 | 14.13 | 18.81 | 12.31 | 3.04 | 0.01 | 0.93 | 62.87 |
| 1934 | .. | .. | .. | .. | .. | .. | 28.51 | 21.40 | 14.00 | 5.90 | 0.20 | 3.80 | .. | 73.81 |
| 1935 | .. | .. | .. | .. | .. | .. | 27.69 | 24.10 | 16.69 | 11.90 | 1.04 | 0.18 | .. | 81.60 |
| 1936 | .. | .. | .. | .. | .. | 0.33 | 32.63 | 8.09 | 9.27 | 5.72 | 0.01 | 2.31 | .. | 58.36 |
| 1937 | .. | .. | 0.50 | .. | 0.10 | .. | 18.32 | 30.40 | 5.40 | 14.20 | 1.70 | .. | .. | 70.62 |
| 1938 | .. | .. | .. | .. | .. | 1.29 | 31.30 | 16.00 | 16.77 | 10.35 | 15.17 | 1.13 | .. | 92.01 |
| 1939 | .. | .. | .. | .. | .. | .. | 4.67 | 33.07 | 10.88 | 5.39 | 0.17 | .. | .. | 54.18 |
| 1940 | .. | .. | .. | .. | .. | .. | 29.98 | 21.03 | 28.27 | 11.26 | 4.89 | 0.76 | .. | 96.19 |
| 1941 | .. | .. | .. | .. | .. | .. | 12.20 | 9.96 | 5.93 | 6.03 | 1.62 | .. | .. | 35.74 |
| 1942 | .. | .. | .. | .. | .. | .. | 27.39 | 32.36 | 8.23 | 13.45 | .. | .. | 0.29 | 81.72 |

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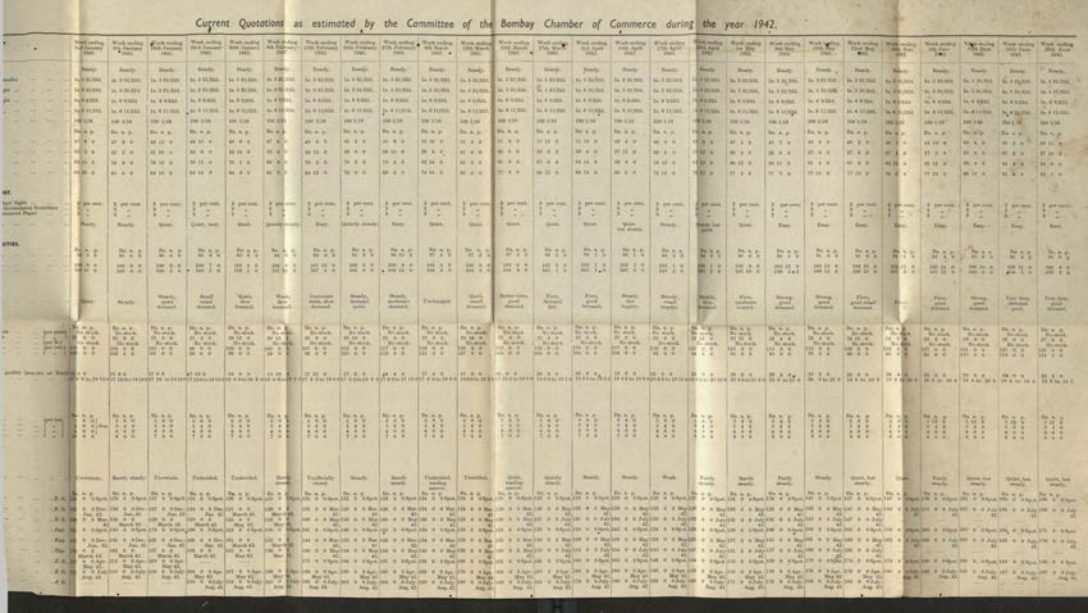
SOCIETY

# Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1942.

| QUOTATIONS. | Week ending 1st January 1942. | Week ending 8th January 1942. | Week ending 15th January 1942. | Week ending 22nd January 1942. | Week ending 29th January 1942. | Week ending 5th February 1942. | Week ending 12th February 1942. | Week ending 19th February 1942. | Week ending 26th February 1942. | Week ending 5th March 1942. | Week ending 12th March 1942. | Week ending 19th March 1942. | Week ending 26th March 1942. | Week ending 2nd April 1942. | Week ending 9th April 1942. | Week ending 16th April 1942. | Week ending 23rd April 1942. | Week ending 30th April 1942. | Week ending 7th May 1942. | Week ending 14th May 1942. | Week ending 21st May 1942. | Week ending 28th May 1942. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EXCHANGE.** | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. | Weekly. |
| On England Bank Bills { Telegraphic Transfer | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. |
| Sight | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. |
| West Coast Credits { 3 months' Sight | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. | 1s. 3 31/64d. |
| On Calcutta Weekly Telegraphic Transfer | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 | 180 1/16 |
| | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. |
| English Bar Gold (100 touch per tola) | 27 4 0 | 27 8 0 | 28 12 0 | 28 12 0 | 28 12 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 | 27 8 0 |
| Sovereigns | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 | 28 0 0 |
| Bar Silver { Weekly | 60 0 0 | 60 0 0 | 60 0 0 | 59 14 0 | 59 14 0 | 60 0 0 | 60 0 0 | 59 12 0 | 59 0 0 | 59 0 0 | 59 0 0 | 58 14 0 | 58 0 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 |
| Forward | 60 0 0 | 60 0 0 | 60 0 0 | 59 14 0 | 59 14 0 | 60 0 0 | 60 0 0 | 59 12 0 | 59 0 0 | 59 0 0 | 59 0 0 | 58 14 0 | 58 0 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 | 57 8 0 |
| **RATES OF DISCOUNT.** | | | | | | | | | | | | | | | | | | | | | | |
| Bank Rate of Discount on Private Bills, 90 days' Sight | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. | 3 per cent. |
| Bank Rate of Interest on Secured Loans to Government Securities | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Rate of Interest in the Open Market on Government Paper | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| **Money Market** | Weekly. | Weekly. | Quiet. | Quiet, easy. | Quiet. | Quiet, easy. | Easy. | Weekly steady. | Easy. | Quiet. | Quiet. | Quiet. | Quiet. | Quiet, easy. | Quiet, easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. |
| **GOVERNMENT SECURITIES.** | | | | | | | | | | | | | | | | | | | | | | |
| Three and half per cent. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. |
| Four per cent. 1948/53 | 103 8 0 | 103 8 0 | 103 8 0 | 103 7 0 | 103 7 0 | 103 7 0 | 103 7 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 | 103 8 0 |
| Five per cent. (ex 5% 1945) | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 | 108 8 0 |
| **IMPORTS.** | | | | | | | | | | | | | | | | | | | | | | |
| Piecegoods Market | Quiet. | Weekly. | Steady, and in demand. | Small demand. | Quiet, and in demand. | Weak, and in demand. | Unchanged. | Steady, and in demand. | Steady, moderate quiet. | Steady, moderate demand. | Unchanged. | Quiet, and in demand. | Better tone, and in demand. | Firm, demand fair. | Firm, and in demand. | Steady, and in request. | Steady, and in demand. | Steady, and in demand. | Steady, and in demand. | Firm, demand fair. | Firm, moderate inquiry. | Strong, and in demand. | Strong, and in demand. | Firm, demand fair. | Firm, and in demand. |
| Japanese Grey Shirtings, Yards, 32" x 36" cards | per cent. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. |
| " White, 36" x 40" yards | per cent. | 21 8 0 | 21 8 0 | 21 8 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 |
| Blue Yarn, 7 lbs. (Cut 8/10) | per cent. | 21 8 0 | 21 8 0 | 21 8 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 | 21 12 0 |
| Copper Brocade (in Pounds) | per cent. | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 | 100 0 0 |
| Yellow Metal | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 | 98 0 0 |
| Sugar { Java White Granulated 3 M.S. quality (per cwt. ex Steamer) | 17 4 0 | 17 4 0 | 17 0 0 | 16 12 0 | 16 12 0 | 17 12 0 | 17 12 0 | 17 12 0 | 17 12 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 | 17 0 0 |
| Indian (per cwt. ex Godown) | 16 8 0 | 16 8 0 | 16 4 0 | 16 0 0 | 16 0 0 | 16 12 0 | 16 12 0 | 16 12 0 | 16 12 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 | 16 4 0 |
| **COAL.** | | | | | | | | | | | | | | | | | | | | | | |
| Indian Coal, F.O.R.— | | | | | | | | | | | | | | | | | | | | | | |
| Bengal Coal— | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. |
| Dishergurh (Selected Grade) (F.O.R.) per ton | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 |
| Jherria Grade (F.O.R.) | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 |
| Jherria Grade (F.O.R.) | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 |
| Central Provinces (at mine) (F.O.R.) | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 | 8 8 0 |
| **EXPORTS.** | | | | | | | | | | | | | | | | | | | | | | |
| Cotton— (Fully pressed, per Candy of 784 lbs.) | | | | | | | | | | | | | | | | | | | | | | |
| Cotton Market | Unchanged. | Barely steady. | Unchanged. | Unchanged. | Unchanged. | Barely steady. | Unofficially steady. | Steady. | Barely steady. | Unofficially steady. | Unchanged. | Quiet, steady, moderate inquiry. | Quietly steady. | Steady. | Steady. | Weak. | Firmly steady. | Steady. | Firmly steady. | Steady. | Firmly steady. | Steady. | Quiet, but steady. | Quiet. | Firmly steady. |
| M. G. Broach (Staffing) (cents) | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |
| " " " | F. G. | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 | 9 Jan/Feb 9 |

# Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1942.



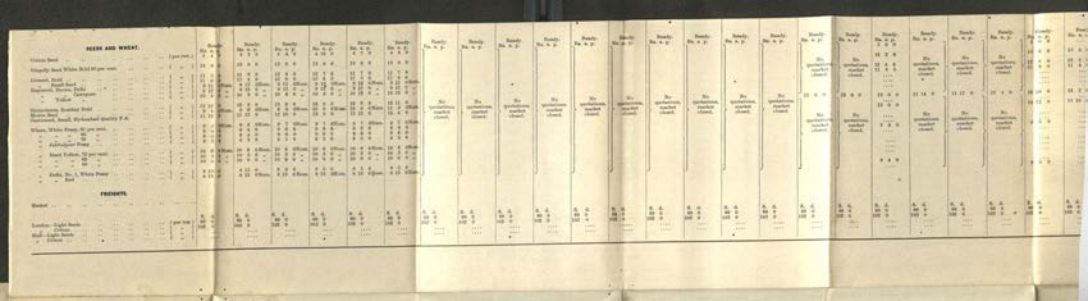
## SEEDS AND WHEAT.

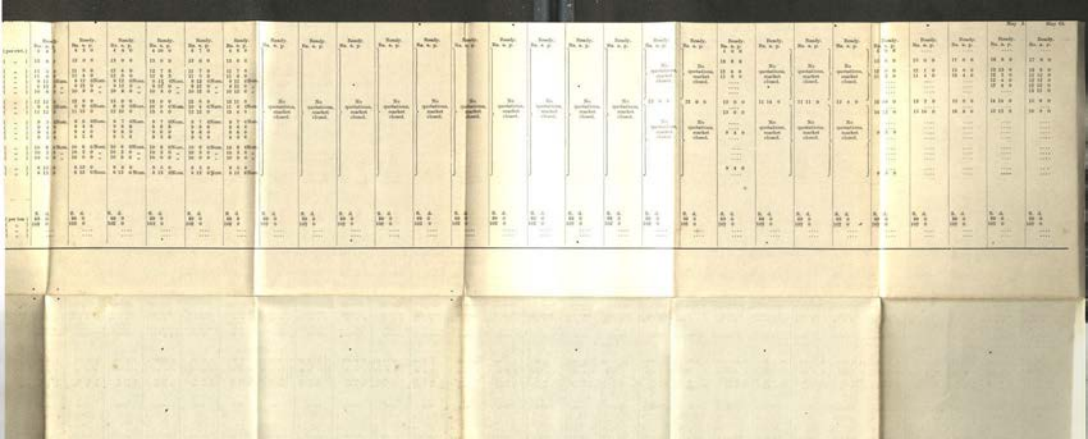
| | Hourly. | Hourly. | Hourly.

# Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1942—continued.

| QUOTATIONS. | Week ending 3rd July 1942. | Week ending 10th July 1942. | Week ending 17th July 1942. | Week ending 24th July 1942. | Week ending 31st July 1942. | Week ending 7th Aug. 1942. | Week ending 14th Aug. 1942. | Week ending 21st Aug. 1942. | Week ending 28th Aug. 1942. | Week ending 4th Sept. 1942. | Week ending 11th Sept. 1942. | Week ending 18th Sept. 1942. | Week ending 25th Sept. 1942. | Week ending 2nd Oct. 1942. | Week ending 9th Oct. 1942. | Week ending 16th Oct. 1942. | Week ending 23rd Oct. 1942. | Week ending 30th Oct. 1942. | Week ending 6th Nov. 1942. | Week ending 13th Nov. 1942. | Week ending 20th Nov. 1942. | Week ending 27th Nov. 1942. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EXCHANGES.** | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. | Steady. |
| On England Bank Bills — Telegraphic Transfer | 1s. 3 15/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. |
| Sight | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. | 1s. 3 31/32d. |
| On France — 3 Months' Sight | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. |
| Sight | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. | 4 6/32d. |
| On Colombo Bank Telegraphic Transfer | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 | 100 1/16 |
| English Bar Gold (Fine Troy per tola) | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 | 72 4 |
| Sovereigns | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 | 22 2 |
| Napoleons | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 | 20 14 |
| Bar Silver — Steady Forward | 43 0 | 44 12 | 44 0 | 44 14 | 44 12 | 44 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 | 43 0 |
| | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 | 44 14 |
| **RATES OF DISCOUNT.** | | | | | | | | | | | | | | | | | | | | | | |
| Bank Rate of Discount on Private Bills, 60 days' Sight | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. | 2 per cent. |
| Bank Rate of Interest on Demand Loans, on Government Securities | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Rate of Interest in the Open Market on Government Paper | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| **Money Market** | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. | Easy. |
| **GOVERNMENT SECURITIES.** | | | | | | | | | | | | | | | | | | | | | | |
| Three and half per cents. | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 | Rs. 99 8 |
| Four per cents., 1948/53 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 | 100 8 |
| Five per cents., Tax Free, 1945/55 | 107 0 | 106 0 | 106 0 | 106 12 | 106 12 | 106 12 | 106 0 | 106 0 | 106 0 | 106 0 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 | 106 12 |
| **IMPORTS.** | | | | | | | | | | | | | | | | | | | | | | |
| Piecegoods Market | Without much change. | Very strong. | Firm, with good demand. | Very firm, with good demand. | Firm, with good demand. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. | Closed. |
| Japanese Grey Shirtings, Yards, 36"—40 picks (per piece) | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. |
| Japanese White Shirtings, 36", 56"—61 picks ( " ) | 27 0 | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. | No stock. |
| Japanese Grey Yarn, Wire Mixed, 40/40s. (per lb.) | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. | Rs. n. p. No stock. |
| Sugar Bruised to Soodhe (per cwt.) | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 |
| Yellow Metal in Sovereigns ( " ) | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 | 13 0 |
| Sugar — Java White Granulated T. R. (1st Quality) (per cwt. ex-Godown) | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 | Rs. 13 0 |
| Sugar — Indian (Soodhe) ( " ex-Godown) | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 | 12 0 |
| **COAL.** | | | | | | | | | | | | | | | | | | | | | | |
| Indian Coal, F.O.B. — Bengal | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. |
| Bengal — Dhanbad (Selected Grades) F.O.B. ( " ) | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 |
| Bengal — Jharia ( " ) | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 |
| Bengal (Grade I) F.O.B. ( " ) | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 |
| Central Provinces (1st class) F.O.B. ( " ) | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 | 1 0 0 |
| **EXPORTS.** | | | | | | | | | | | | | | | | | | | | | | |
| Cotton Exports— (Fully pressed, per candy of 784 lbs.) | | | | | | | | | | | | | | | | | | | | | | |
| Cotton Market | Firm. | Steady. | Quiet, but Steady. | Steady. | Easy. | Quiet but mostly. | Closed. | No trading quotations entirely nominal. | Closed, quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. | No trading quotations entirely nominal. |
| H. G. Sorgum (Barbary terms) | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. | Rs. n. p. |
| " " (1941) | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | | | | | | | | | | | | | | | | | |
| " " (1942) | F. G. | | | | | | | | | | | | | | | | | | | | | |
| " Oomras (Fair Staple) | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | | | | | | | | | | | | | | | | | |
| " " (1941) | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | Fine. 100 to 4 July 1941 | | | | | | | | | | | | | | | | | |
| " " (1942) | Fine. | | | | | | | | | | | | | | | | | | | | | |
| " Broach | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | | | | | | | | | | | | | | | | | |
| " " | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | F. G. 175 to 4 April 1941 | | | | | | | | | | | | | | | | | |
| " " | F. G. | | | | | | | | | | | | | | | | | | | | | |
| Indian Cotton Contract Delivery | | | | | | | | | | | | | | | | | | | | | | |
| " " | | | | | | | | | | | | | | | | | | | | | | |

## Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1942—continued.





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